

## Facts of Homeless Palestinians' Tragedy Emerging Despite Tight Cover-Up



This Palestinian refugee family has sought shelter in the PLO's headquarters in Sidon, Lebanon.

By David K. Shipler  
New York Times Service

SIDON, Lebanon — The refugees from the devastated Palestinian camp of Ein Khilwe huddle over small wood fires on the sidewalks of a street in Sidon. They squat and sleep in a row of vacant stores, crowded with crying children. They carry water from a street-corner tap and use the basement of an unfinished building as a bathroom, turning it into a vast and fetid sewer.

Thousands of Palestinians are refugees, as many of them have been for 30 years. The Israeli Army estimates that in southern Lebanon alone, excluding Beirut, 20,000 have no homes; some Israeli relief officials put the count much higher, at 60,000 to 70,000. Whatever the figures, the refugees face acute difficulties, and they loom as an urgent human and political issue for both the Israelis and the Lebanese.

The Israeli Army made the problem worse by deliberately creating additional refugees after the fighting subsided. Demolition squads blew up shelters in the camps, destroying houses as well, and bulldozers knocked down rows of homes that had survived the battles.

Since then, the Israeli Army has made extraordinary efforts to keep the destruction out of public view by refusing to take visitors to the camps and trying to keep journalists out.

Yacov Levy, an official in the Foreign Ministry's information department, who was mobilized into the army reserves to escort corre-

spondents into southern Lebanon, said that any officer who allowed a reporter to see the camps would be placed in a military prison. Saying that Israel had to be spared bad publicity, he refused to permit a New York Times correspondent to visit Ein Khilwe, where many Palestinians are reported to have returned to live amid the rubble.

One result of this policy has been that most Israelis are unaware of the extent of the destruction and the refugee problem, and therefore are not demanding relief efforts. The army, which has helped Lebanese towns and cities restore electric power and water supplies, has not made any concrete effort to provide facilities for the Palestinians from the camps.

When a stranger walks down their street in Sidon, the Palestinians pour out of the deserted shops and crowd around, pressing in to tell their stories in voices pitched near hysteria. Almost all of them are women and children. The men and teen-age boys are gone, "in Israel," the women say as they reach out with snapshots of their imprisoned husbands, sons and brothers, shouting the oases in the hope that the stranger can help.

"We don't want any food, we

### Middle East Developments

■ In the view of Lebanese and Palestinian officials in Beirut, negotiations for a settlement of the crisis in Lebanon will remain deadlocked as long as the Reagan administration refuses to choose between two major policy options. Page 2.

■ Iran said that its forces were consolidating positions inside Iraq after fighting off fresh counterattacks by Iraqi troops defending the strategic southern Iraqi oil port of Basra. Page 2.

UN agency food, blankets, cooking kits and kerosene stoves, but the agency, staffed mostly by Palestinians, has refused to accept the help.

Israeli Health Ministry officials are reportedly planning to begin immunizations against polio; three suspected cases were recently discovered. Some local officials also fear epidemics from poor sanitation and contaminated water, and diarrhea is rampant among children.

### Food Problem to Get Worse

With most of the Palestinian men under arrest, the earning power of the impoverished families has been obliterated. Peter McPherson, head of the Agency for International Development, said last week after touring the area that the food problem would probably get worse in about 30 days, as families used up their cash.

Mohammed Hassan, one of the few men who is living with the families in the row of vacant stores, took his wife and 14 children from Ein Khilwe when the Israeli shelling began. They ran to the government hospital and hid there until the Israelis began to shell the hospital as well. Then they went into the hills outside Sidon, to a village called Aabra, and waited until the fighting ebbed.

When they returned to their house, it had been obliterated. For Ein Khilwe was a main PLO base, and fighting raged there for days after the city of Sidon was taken. "What do I have left?" Mr. Hassan asked.

"This," he said, touching his shirt and his trousers.

soon. Many are living in schools, and both Israeli and Lebanese officials, eager for a speedy return to normal life, are determined to have the schools reopen on time. Property owners are eager to get them out of stores and other buildings. Furthermore, winter here on the Mediterranean coast brings raw wind and rain. It is no season to be without shelter.

### Housing Problems

Many of the new refugees have crowded into the houses of relatives, but many others are adrift. Relief organizations, including Jewish and Roman Catholic groups in the United States, are prepared to provide temporary housing if they get enough funds from private sources, the United Nations and the U.S. Agency for International Development.

Israeli authorities are understood to favor building permanent housing eventually, but it has not been decided when.

In the meantime, emergency food supplies and blankets have been distributed by the United Nations Relief and Works Agency, which cares for Palestinian refugees. Israeli relief workers say that they have also offered the

don't want any milk, we just want our children back," said Subhih Tahaan, who has seven daughters and a son, 23-year-old Sayed. He has been arrested by the Israelis as a guerrilla suspect. "Who will look after my girls?" Mrs. Tahaan wailed.

After nearly seven years of terror at the hands of the Palestine Liberation Organization, many Lebanese in the south have developed a virulent hatred for the Palestinians, often failing to distinguish between the PLO gunmen and the civilians. The refugees camps — squalid townships of concrete houses and narrow alleys — were often the PLO's military bases, regarded by both Lebanese and Israelis as breeding places for new generations of fighters.

There appears to be little inclination among either Lebanese residents or Israeli officials to allow the rebuilding of the camps. Nor do many Lebanese seem to want the Palestinians to move in large numbers into the towns and cities, although some Israeli officials would like to see them scattered among Lebanese villages so their children could go to local schools and be assimilated.

Some solution must be found

### INSIDE

■ The U.S. Federal Reserve cut its discount rate by 1/2 of a percentage point to 11 1/2 percent, and two major U.S. banks dropped their prime rates by a half point to 16 percent. Page 7.

■ Poland's foreign minister made a surprise visit to the Vatican for what church sources described as "final, definitive" talks on Pope John Paul II's proposed visit. Page 5.

■ The economic liberalization that has enabled millions of Chinese farmers to double and triple their incomes in the last three years is under increasing attack for widening the gap between rich and poor and undercutting Socialist agriculture. Page 2.

### TOMORROW

■ The invasions of Iraq by Iran and of Lebanon by Israel in the space of a few weeks have brought the Arab world to the brink of shattering historical change. In insights.

## Separate Rebellions Becoming One Central American War

Governments, as Well as Guerrilla Forces, in 4 Nations Are Beginning to Coordinate Actions

By Dial Torgerson

SAN SALVADOR — The guerrilla wars of Central America are becoming a regionalwide conflict spreading across frontiers as governments and rebels, both leftist and rightist, coordinate their actions.

A major escalation came this month when Honduran troops moved against Salvadoran rebels, spreading across frontiers as governments and rebels, both leftist and rightist, coordinate their actions.

Four countries are involved in the regional conflict: El Salvador, led by a revolutionary, leftist government since the fall of the President Anastasio Somoza in July, 1979.

El Salvador, led by a rightist government elected last March.

Guatemala, headed by Gen. José Efraín Ríos Montt, the self-declared president who took power after the military overthrow of a repressive, rightist regime last March.

Honduras, where the moderate Roberto Somoza Cordova took office in elections in November, 1981.

"It is now one big war," said Francisco Bianchi, a top aide to Gen. Ríos Montt of Guatemala — "a war for all of Central America. And if the rebels succeed here, they will go next to Mexico."

The internal El Salvador struggle began to take on regional lines when the United States accused the Soviet Union of supplying the Marxist-led guerrillas through Cuba and Nicaragua.

The United States stepped up military aid to El Salvador and Honduras, and Guatemala is pressing for similar assistance. Cuba and Nicaragua, U.S. officials

have charged, are supporting rebellion in all three countries.

Intelligence sources say the U.S. Central Intelligence Agency is covertly helping Nicaraguan exiles who oppose the leftist Sandinista government in Managua. Some of these Somocistas — followers of Mr. Somoza — invaded Nicaragua last week from neighboring Honduras, the Sandinista regime charged.

### War on a Napkin

A former high-ranking security agent with the Guatemalan army sketched out a map of Central America on a napkin in a Guatemala City restaurant.

"Here is the Honduran Army, pushing against the Salvadoran guerrillas," he said, drawing an arrow. "And the guerrillas attacking into Tegucigalpa." Another arrow pointed to the Honduran capital.

"And Somocistas attacking Nicaragua from Honduras and Costa Rica." More arrows. "And Nicaragua

aid to Guatemalan rebels."

One more arrow.

"See?" he said. "It's not two or three little wars. It's one big one."

Mr. Bianchi, in an interview in the presidential palace in Guatemala City, said, "The rebels organize locally, but the top leaders are all internationalists. They move from one country to another and cooperate with each other."

Government officials say the leftist rebels share the propaganda expertise of the Cubans. Radio Havana, for instance, broadcasts to all the Caribbean area in both Spanish and English, emphasizing each rebel claim of victory and reporting massacres allegedly perpetrated by government forces.

The tone of an East-West superpower contest is clear in the rival propaganda.

The tragedy, said a political scientist in Tegucigalpa, "is that it has to be fought out here" in Central America.

The citizens of Honduras, a

poor country with almost 50 percent illiteracy, have learned they are, as the local saying goes, "the ham in the sandwich," situated amid embattled Guatemala, El Salvador and Nicaragua. Two years ago, the leftist government of Nicaragua began smuggling guns and ammunition through Honduras to guerrillas in El Salvador and Guatemala.

### Negotiated Incursion

About the same time, Salvadoran guerrillas began kidnapping Honduran businessmen and robbing Honduran banks to finance their war against the Salvadoran junta. Honduran police authorities said.

A month ago, El Salvador's newly elected president, Alvaro Magaña, went to Tegucigalpa to meet with Mr. Somoza. The two countries had been enemies since a 1969 border war, but faced with what they saw as a common guerrilla threat.

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## Elizabeth's Bodyguard Quits in a Sex Scandal

By Peter Osnes

LONDON — The government disclosed Monday that Queen Elizabeth II's police bodyguard, Michael Trestrail, had resigned.

Last week a former employee of Britain's General Communications Headquarters at Cheltenham, base for the country's extensive international electronic eavesdropping network, was charged under the Official Secrets Act of transmitting information to an enemy. But details of the charge have not been released.

Official sources have told reporters that the case's "seriousness should not be underestimated." The communications headquarters works closely with U.S. intelligence. The British press and some members of Parliament have speculated that the case involved substantial leaks of information to the Soviet Union. The suspect, Geoffrey A. Prime, speaks Russian and worked at the electronic center from 1968 until 1978.

Mr. Fagan appeared in court Monday and was held without bond on a charge of stealing wine in a previous visit to the palace June 7 and on other unrelated domestic charges. Prosecutors said Mr. Fagan would not be charged in the intrusion into the queen's bedroom because there is no evidence he had criminal intent.

At several points in the magistrate's hearing, Mr. Fagan erupted angrily. At the first mention of the queen by his lawyer, Maurice Nadeau, he shouted, "I told you not to mention anything about the queen's bedroom. . . . I don't want her brought into it. I would rather plead guilty than have her name mentioned in court."

Later when his father offered to speak on his behalf, Mr. Fagan declared, "He is not my father. My father is Rudolph Hess."

The prosecutors said Mr. Fagan's break-ins at the palace were part of a series of "irrational" acts he had committed lately, including at least two attempted suicides and an assault on his stepson.

For the second week in a row, Prime Minister Thatcher moved up the timing of her regular meeting with the Queen to Monday night in order to discuss the latest revelations about palace security.

Mr. Trestrail was replaced Monday by Christopher Hagen, a 37-year-old officer who had been serving as Prince Philip's bodyguard.

In another security problem for the government, Downing

Street announced Monday afternoon that Prime Minister Margaret Thatcher would make a statement in Parliament Tuesday on widespread rumors that a major new spy scandal is about to break.

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Queen Elizabeth's bodyguard, Commander Michael Trestrail, stands discreetly behind her on duty in London in June, 1980.

## EEC Officials Caution U.S. Must Compromise

By Axel Krause

PARIS — Senior West European officials on Monday warned of grave consequences, including a weakening of the Atlantic alliance, if the Reagan administration remains unwilling to negotiate a range of highly controversial transatlantic trade issues.

The key issues involve European steel exports to the United States and European participation in the building of the Siberian gas pipeline, but they also extend to U.S. allegations of anti-American practices in European citrus trading.

"The Reagan administration remains inflexible on all current trade disputes and thus is seriously mortgaging America's future relations with its European allies and partners," Wilhelm Haferkamp, the European Economic Community's commissioner for external relations, told EEC foreign ministers in Brussels Monday.

Mr. Haferkamp returned to EEC headquarters over the week-end after meetings with U.S. Commerce Secretary Malcolm Baldrige and other U.S. officials in Washington Friday and Saturday.

Describing the response by the administration to repeated European requests for negotiations on the issues as totally negative, Mr. Haferkamp said the United States remains adamant in seeking to block compliance by EEC companies of existing contracts for the Soviet gas pipeline.

### U.S. Envoy Replies

In Paris, Evan G. Galbraith, the U.S. ambassador to France, told reporters Monday that he is convinced that the European companies will refrain from delivering rotors for the pipeline, primarily because of repeated U.S. statements that the administration will seek to punish violators.

Mr. Galbraith said chances are remote that the French government would authorize France's Alstom-Atlantique, one of the major participants, to deliver 40 rotors for the pipeline which the company is making under license from General Electric in the United States.

Unconfirmed reports published in Paris Monday indicated that the French government had already

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## U.S. Quietly Rebuilds Its Capability for Guerrilla Warfare

By Richard Halloran

WASHINGTON — The U.S. armed forces have quietly begun rebuilding a capability for guerrilla operations, sabotage, clandestine assault and other forms of unconventional warfare, according to Reagan administration officials and military officers.

The Joint Chiefs of Staff, under instructions from Defense Secretary Caspar W. Weinberger, are also tightening the command structure of unconventional forces to enable them to respond more quickly.

Some consideration is being given, senior officials said, to setting up a new headquarters to command the various Army, Navy, Air Force and Marine units trained for special operations, but there has been no decision as yet.

Unconventional U.S. forces fell victim to funds cut following the Vietnam War, but the Reagan administration reportedly has requested money to build them up again.

Those sums, hidden in the proposed 1983 military budget, are to pay for improved communications equipment, additional air transportation and especially for expanded training exercises of units from the different services. The proposals are not considered likely to arouse significant opposition in Congress.

An official said the exact amounts are small in relation to the funds requested for conventional forces. But he said, in the jargon of the Pentagon, "special operations are very cost-effective," meaning that an upgrading could be acquired for a comparatively small investment.

The emphasis on unconventional warfare coincides with the Reagan administration's increased emphasis on covert operations by the Central Intelligence Agency. The CIA often draws on resources from special military units.

Mr. Weinberger scarcely mentioned special operations in his annual report to Congress in January, but the statement he signed in March to establish objectives for the military services over the next five years laid out missions for special operations.

### 'Very Cost-Effective'

The United States must revitalize and enhance special operations forces to project U.S. power where the use of conventional forces would be premature, inappropriate or not feasible, the directive said. U.S. forces, it stated, must accomplish a full range of special operations.

The forces to be revitalized include the Army Spe-

cial Forces or Green Berets, the Air Force Special Operations Wing and the Navy's Seals. These units, plus Marine Corps paratroopers trained in commando operations, are all intended for missions behind enemy lines.

### Peacetime Role

In peacetime, forces trained for special operations are to be employed in an effort to avoid direct confrontation with the Soviet Union, according to the guidance statement.

"The United States must be able to defeat low-level aggression," it said, "both to prevent the step-by-step expansion of Soviet or surrogate influence and to prevent escalation to higher level of conflict. The United States must be able to achieve these objectives when to its advantage without direct confrontation." The statement added that when instability endangers U.S. interests, special operations forces will be employed to assist friendly nations.

Should war with the Soviet Union break out, the mission of United States unconventional forces is to exploit political, economic and military weaknesses within the Warsaw Pact and disrupt enemy rear area operations. Special forces units would be the first sent to the Gulf region in the event of Soviet invasion,

assisting regional states until U.S. ground forces can be deployed.

Not included in special military operations are counterterrorist missions, which have also been emphasized by the Reagan administration through a task force at Fort Bragg, N.C., with specially trained units and people drawn from all four services.

Military units trained for special operations include:

• The Army's Special Forces, or Green Berets, with headquarters at Fort Bragg. The primary mission of the Special Forces is insurgency, particularly in making contact with friendly forces behind enemy lines and training them in guerrilla operations.

• Army Rangers, who wear black berets. They support U.S. conventional forces. For example, they might raid a headquarters or a communications center at the same time regular forces are attacking.

• The Air Force's Special Operations Wing, with headquarters at Eglin Air Force Base, Fla. They fly black, unmarked airplanes that deliver supplies or agents. They also fly gunships in support of special ground operations.

• The Navy's Seals — sea, air, land teams — stationed on the East and West Coasts. They are successors to the frogmen of World War II, trained to sabotage harbor operations and coastal facilities.



## Discontent Spreading Over Liberalization of Chinese Agriculture

By Michael Parks  
Los Angeles Times Service

PEKING — The economic liberalization that has enabled millions of Chinese farmers to double and triple their incomes in the last three years is under increasing attack for widening the gap between rich and poor and undercutting Socialist agriculture.

Discontent is spreading in the countryside, according to official Chinese reports, because some peasant families are able to earn more than government ministers and others still earn less than \$60 per person a year.

Some local government and Communist Party officials, disgruntled by the erosion of their authority under the reforms, are openly using these growing divisions in what amounts to a new challenge to the leadership of Deng Xiaoping, the party's powerful vice chairman.

By far the most successful and popular of Mr. Deng's policies up to now, the rural reforms freed peasants to return to family farming in many areas, allowed them to decide what crops to grow, gave them increased prices for their produce, lowered the cost of industrial goods they buy and encouraged them to engage in once-forbidden sidelines such as raising chickens and pigs and growing vegetables.

But these policies are now being criticized by those who have not done as well as others in the last three years and by some party and government officials who see the policies as leading back to rural capitalism and, at the very least, creating more problems than they solve.

### Discontent Planned

There are plans under China's proposed new constitution to dissolve the country's 54,000 rural communes as political units, replacing them with village and township governments and leaving the communes only a small economic role. Those plans, however, are drawing increasing criticism from local officials who will be displaced.

In action reminiscent of China's tumultuous Cultural Revolution, those promoting the reforms have been criticized in a number of provinces as "rightists," "bourgeois" and "anti-Socialist" and accused of undermining the Communist Party's leadership and the collectivization of agriculture.

Some have been made to write self-criticisms recanting their support of the reforms and a few have been subjected to lengthy "struggle sessions" at which their critics berated them.

## China Dismissals May Foreshadow Purge, Envoys Say

Reuters

PEKING — The firing of a left official in Nanjing and reports of other similar dismissals may foreshadow a purge of leftists at a Chinese Communist Party congress expected to take place in September, diplomatic sources said Monday.

The Workers' Daily newspaper said the official was dismissed from a Nanjing watch factory. It said he had assaulted two colleagues and frequently did not report for work after being demoted because of his opposition to mourning for Chou Enlai, the late premier. Chou was a principal target of the disgraced Gang of Four radical leaders.

The paper added that the official, Zhang Anti, headed an extreme leftist rebel group during the Cultural Revolution of 1966-76 and persecuted many elderly officials then.

Deng Xiaoping, China's powerful vice-chairman, reportedly is eager to replace his remaining opponents on the Communist Party Politburo and Central Committee with his own supporters.

Only a few minor officials have been removed, however, possibly due to strong resistance by entrenched bureaucrats.

Peasants who have prospered under the new policies have been charged in some areas with economic crimes, such as speculating, profiteering and using collectively owned assets for private gain.

The scope and severity of the concerted campaign mounted recently against "egalitarianism" and "leftism" in rural areas. Nearly every provincial party leader has spoken out, defending the reforms and denouncing the "lingering leftist influence," and Chinese propaganda media have picked it up as a major theme.

### 'A Very Good Thing'

"It is a very good thing that peasants can get rich by relying on their own hard work, and we cannot throw cold water on it," Ren Zhongyi, the party leader in Guangdong province, admonished local officials recently.

"What is wrong with peasants relying on their own labor in raising poultry and livestock and making several thousand or even more than 10,000 yuan (about \$2,500) a year? We must not get scared and jealous as soon as we see others getting high incomes."

The controversy has grown so intense, however, that many Guangdong peasants fear that opponents of the reforms will soon force a policy change, the Canton newspaper Southern Daily reported. The charges that free-market sales of privately grown produce amount to speculation and profiteering have heightened this apprehension, the paper said, and as a result some peasants are not growing as much as they could.

"This would be a catastrophe," said a Chinese economist who specializes in rural development. "If the peasants begin to back away, as some have done, the reforms would collapse upon themselves — they just would not work — and the whole approach would be discredited. The repercussions of 800 million people sliding backward could be considerable in economic, social and political terms."

The weekly journal Beijing Review, quoting a study of the rural reforms in Anhui province in east central China, concluded that "the income gap between rich and poor has indeed widened, even though the number of people at each extreme is small."

The problem is most intense, the journal said, in the third of the country that remains undeveloped, even by Chinese standards. But in other areas there are still many families that have been unable to benefit from the reforms and perhaps are even worse off than before.

While government officials are broadening welfare programs to help those families in danger of falling too far behind, some leaders and economists are advocating that any collectively owned assets, whether land or fishponds or workshops or machinery, that are not being used now be turned over to families as individuals.

"Where a profit can be made, let it be made, and it will benefit all," a provincial official in Hebei, near Peking, declared.

But this conflict over wealth remains an important problem to be resolved, said Hu Shulan, the party first secretary in the north China province of Shaanxi.

He said party officials and members "must take the lead in becoming rich through labor" to encourage the peasants and persuade them that present policies will not change.

The party should also recruit as local officials those who prospered under the reforms and replace the "relatively infected cadres" who have been undermining them, he said.

### Japan Jails U.S. Marine

United Press International

TOKYO — A Japanese court sentenced a 21-year-old U.S. Marine to 10 years in prison Monday for the murder of a Japanese man after a quarrel in Okinawa on March 8. The Naha District Court in Okinawa found Pvt. Kevin M. Hedemark guilty of murdering Koji Shimizu, 48.



A rifle-bearing Israeli soldier stood guard Sunday at a prison camp at Asmar, 10 miles from the Lebanese coastal city of Tyre, where 4,000 Palestinian, other Arab and mercenary war prisoners are being held behind barbed wire in open-sided tents.

## U.S. Options Are Talk to PLO or Stand Aside

By Thomas L. Friedman  
New York Times Service

BEIRUT — In the view of Lebanese and Palestinian officials, negotiations for a settlement of the crisis in Lebanon will remain deadlocked as long as the United States refuses to choose between two policy options.

If the Reagan administration wants the Palestine Liberation Organization to leave Beirut peacefully, the United States must have to deal directly with the PLO on the issue of an independent Palestinian state. This would have repercussions in relations with the Israelis.

If the United States is not prepared to do this, it is going to have to stand aside while the Israelis attack the PLO in Beirut, with negative effects on American interests throughout the Arab world.

This dilemma is made more difficult by the fact that the current political situation in the Middle East offers the United States an opportunity to extend its influence and strengthen alliances at the expense of the Soviet Union.

On the local, regional and international level, those parties in the Middle East associated with the Soviet Union have been badly discredited by events of the past six weeks — and this has not gone unnoticed. PLO officials themselves admit privately that when the

chips were down, their leftist Lebanese allies, led by Walid Jumblatt, were the first to call for their surrender.

The PLO's so-called radical Arab allies on the steadfastness and confrontation front — led by Syria and Libya — proved to be neither steadfast nor confrontational.

### NEWS ANALYSIS

dional when Israel arrived at the gates of Beirut. As for the Soviet Union, it has yet to take any tangible step on behalf of the PLO.

With survival on the line, the PLO found itself relying locally on the old conservative Sunni Moslem boss of West Beirut, Saeb Salam, who serves as the main intermediary between PLO Chairman Yasser Arafat and President Reagan's special Middle East envoy, Philip C. Habib.

Regionally, it has been Saudi Arabia and Egypt taking the PLO's case to Washington, Western Europe and the United Nations. Internationally, it is France and the United States to whom the PLO must look.

Until now the Reagan administration has refrained from initiatives. The United States has told the Israelis not to enter West Beirut, while refusing to deal directly with the PLO or to send U.S. Marines as a disengagement

force without agreement from all sides.

With Prime Minister Menachem Begin of Israel saying that the PLO guerrillas do not have unlimited time to get out of Beirut, either he or one of these policy options is going to have to give.

Mr. Arafat apparently has no intention of ordering his 6,000 troops out of West Beirut without major political concessions. Palestinian officials say that Mr. Habib is fooling himself if he thinks Mr. Arafat is going to just get on a bus one day and disappear into Syria or some other Arab state.

The crucial question for Mr. Arafat is not where the PLO goes, but under what conditions. He insists that if the PLO withdraws from Beirut it must be in the context of a package deal advancing the cause of Palestinian statehood and taking into account the fact that the PLO is a political force in the Middle East.

Hence, Mr. Arafat has made three demands of the United States:

- He has asked that Mr. Habib negotiate with him directly.
- He has asked that U.S. troops be included in the multinational peacekeeping force he wants deployed between the Israeli and Palestinian armies around Beirut, in advance of final negotiations over the PLO future.

## Lebanese Aide Says Israeli Policy Aims to Expand Christians' Power

By Jack Foisie  
Los Angeles Times Service

BETT ED DINE, Lebanon — Israeli policy in the southern half of Lebanon, which the Israelis now occupy, appears to be one of expanding the authority of Israel's Christian allies at the expense of the legitimate government of Lebanon, President Elias Sarkis, a Lebanese official charged Sunday.

Nadim Abou Ajram, Lebanon's chief administrative officer in this mountainous region, which is the site of Mr. Sarkis' summer residence, said Israeli troops have disarmed Lebanese government troops and ousted them from their camps.

In one of the camps, troops belonging to the pro-Israeli Phalangists have been installed and are being supported by Israeli armored infantry, Mr. Ajram said.

The Phalangist Party is a Christian political coalition headed by Bashir Gemayel, who has 10,000 militiamen at his command. Many

of Mr. Gemayel's troops are reinforcing the Israeli encirclement of West Beirut.

Mr. Ajram said the Israelis have dispersed Lebanese troops from a camp located at Rachmayia, north of here, but so far have not installed Phalangist militiamen in their place.

To the south, Mr. Ajram said, the Israelis have removed Lebanese government officials at Jericho and have handed over administration of the town to Maj. Saad Haddad, another of Israel's Christian allies. Previously, Maj. Haddad controlled only a slice of Lebanon, north of the Israeli frontier, with his force of rightist militiamen.

Mr. Ajram charged that Mr. Sarkis' authority is being usurped by the Israeli Army.

An Israeli military spokesman confirmed the Israeli takeover of the camps that Mr. Ajram mentioned, but gave no explanation for the action.

The ouster of the Lebanese troops, the only legitimate armed force in the region, appears to be

an attempt by the occupying Israelis to upset the harmony that now exists in Beit Ed Dine between Christians and Moslems, Mr. Ajram charged.

There is a population of about 300,000 in the area, and "we have been able to live together even when there were battles between our people elsewhere," Mr. Ajram said.

Mr. Ajram is a Druze, a sect with roots in Islam.

"My neighbors on either side are Christian," he said with a sweep of his arm toward their houses. "We are friends. We fear the Israelis, who are not friendly to any of us, want to create incidents which will allow the Israelis to use extra force and strengthen their hold on this region."

one-day work stoppage was held here by townspeople recently to protest the Phalangist presence. It was peaceful and drew no reaction from the Israelis or Phalangists in the camps, but the Israeli checkpoints on roads around the town are being strengthened.

• He has thrown his support behind a draft French UN Security Council resolution that would serve as a framework for any final settlement in Lebanon.

The resolution, as it now stands, is understood to incorporate previous Security Council resolutions 242 and 338 — which call for the right of all states in the region to live in peace — while at the same time mentioning the PLO and the issue of Palestinian self-determination, neither of which have ever been enshrined in a Security Council resolution.

If the United States agrees to deal directly with the PLO, or approves the UN resolution, then it will almost certainly have to violate a written promise made by Secretary of State Henry A. Kissinger to Israel in 1975.

As part of the second disengagement accord with Israel, Mr. Kissinger committed the United States to not recognizing or negotiating with the PLO until it recognizes Israel and accepts UN Resolutions 242 and 338. The Israelis would undoubtedly argue that a new UN resolution incorporating 242 and 338, but also recognizing the PLO, would be unacceptable, since Resolution 242 treats that Palestinian problem as purely an Arab refugee issue, not as a people requiring an independent homeland.

Transport Halted Under Threat

SAN SALVADOR (UPI) — Public transport was halted Monday in eastern El Salvador because of a guerrilla threat to destroy any vehicle that moved, authorities said.

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## Iran Reports Its Forces Consolidate Their Hold; Iraq Says It's in Control

Compiled by Our Staff From Dispatches

NICOSIA — Iran said Monday that its forces were consolidating positions inside Iraq after fighting off renewed counterattacks by Iraqi troops defending the strategic southern Iraqi oil port of Basra.

Iraq said its forces were firmly in control of the southern sector of the 500-kilometer-long (300-mile-long) battlefield after a series of "swift counteroffensives."

Accounts of both sides agreed that there was heavy fighting in the area around Basra, a key Iraqi oil-refining and port city near the Gulf, 15 miles from the Iranian border.

But they conflicted in their assessments of the outcome of the battles, as has often been the case in the fighting that was renewed a week ago. The assessments seem to indicate that the front has not moved much since Iran's thrust into Iraq last Tuesday.

In Washington, U.S. intelligence sources said Monday that extreme daytime desert heat has forced a lull in the fighting.

The sources said Iranian infantry backed by armor and artillery launched several mass assaults over the weekend against fortified Iraqi positions from north and east of Basra, but were driven back each time to a bow-shaped bulge extending into Iraqi territory.

### Defense Appears to Hold

"The Iraqis appear to be holding well," a source said.

The source said Iranian casualties numbered in the thousands, with one estimate of 3,000 and 6,000. The Iraqi toll is said to be in the hundreds.

Iraq said Monday that a series of "swift counterattacks" left its forces firmly in control of the southern battle area.

But Iran said it Iraqi counterattacks "aimed at recovering its lost land and positions, failed to achieve its goals.... The enemy was once again forced to retreat."

Iran said its forces have destroyed 18 tanks and personnel carriers and killed or wounded 500 Iraqi soldiers.

The Iraqi report said that its forces had routed the major part of Iran's invading force and had wiped out its forward positions. But it did not, as previous Iraqi communiqués have done, claim that the Iranians had been driven back across the border.

The communiqués were impossible to verify because neither side allows reporters to cover the battlefield, although Iraq took a group of correspondents from Baghdad to the area around Basra on Sunday, showing them Iranian bodies and captured tanks.

### Trap Reported

A Reuters correspondent, reporting from behind Iraqi lines, quoted a senior Iraqi officer as saying that the Iranian forces involved in the initial invasion last week had been drawn into a trap.

The officer said that when the Iranians advanced, the Iraqis withdrew to a distance of six miles be-

fore counterattacking. He described the area as flat sandy land with no cover.

Iran accused Iraq on Monday of "criminal acts," saying that Iraqi bombers attacked civilian targets in western Iran. The official Iranian news agency said eight civilians were killed and more than 100 were wounded in the towns of Khorramabad and Bam.

One of the U.S. intelligence sources in Washington said, "The Iranians make some inroads when they attack, take some losses, then are driven back."

The heat has forced a lull in the fighting following since the weekend and has created problems for Iran in supplying water to its troops, the sources said.

The higher Iranian toll results in part from Iran's tactic of ordering mass infantry assaults against the dug-in Iraqis, the sources said.

There is "some truth," they said, to the Iraqi claims that attacking Iranian troops are lured into traps in Amman, Jordan. Premier Mudar Badran announced Monday a partial mobilization of army reserves and the establishment of a militia to defend the country from "outside aggression."

The Jordanian move was made one day after Ali Akbar Hashemi Rafsanjani, speaker of Iran's parliament, warned that Iran would take action against any Gulf country that supplied Iraq with arms.

Jordan has emerged as Iraq's staunchest ally since the war with Iran broke out nearly two years ago.

## Chicago Educator Picked as No. 2 at State Department

United Press International

WASHINGTON — President Reagan announced Monday that he is nominating Kenneth W. Dam, University of Chicago professor, to be the No. 2 man in the State Department under new Secretary of State George P. Shultz.

Mr. Dam, 49, was chosen deputy secretary of state, replacing career diplomat Walter J. Stoessel who is expected to retire from the foreign service at the end of the year.

Mr. Dam, who has known Mr. Shultz since the 1960s and worked under him in the administration of President Richard M. Nixon, co-authored a book with Mr. Shultz called, "Economic Policy Beyond the Headlines."

In other changes, William Schneider Jr. is to be undersecretary of state in charge of coordinating security assistance programs, succeeding James L. Buckley, a former senator from New York, and W. Allen Wallis, chairman of the University of Rochester, is to serve as undersecretary of state for economic affairs.

All three nominations will require Senate confirmation.

## WORLD BRIEFS

### Iran Attacks UN Human Rights Panel

GENEVA — Iran turned a hearing on its human rights record Monday into a forum for attacks on both the investigating panel and the lack of Arab support for Palestinians in Lebanon.

A five-man Iranian delegation was supposed to respond to requests by the United Nations Human Rights Committee for detailed information on torture and mass executions.

But for one hour Iranian delegate Seyyed Hadi Khosrowshahi, ambassador to the Vatican, attacked the committee and some individual members, saying the questions were based "on imperialist mass media" with "no proper inquiry and reliable documentation." He also criticized Arab states which "never raised a finger" to help the Palestinians.

### West Berlin Court Acquits 2 Poles

BERLIN — Two Poles who faked a hijack to a U.S. air base in West Berlin were acquitted Monday of charges they had deprived passengers in the plane of their personal freedom.

The court said the pilot, Czeslaw Kudlick, 32, and Andrzej Barak, 30, a watchmaker, were limited in their personal freedom under Polish martial law. This excused their action, because — according to German law — personal freedom is one of the most important legal rights.

Mr. Kudlick landed at Tempelhof in West Berlin Feb. 12 after being Warsaw flight controllers the plane had been hijacked. He, Mr. Barak and five relatives, the co-pilot and one other passenger then asked local authorities for political asylum.

### Wife of Soviet Fester May Leave

MOSCOW — The American wife of Soviet hunger striker Sergei Petrov said Monday that she planned to cut short her visit here because she had been unable to persuade him to end his fast. It was Mr. Petrov's 48th consecutive day without food.

"I don't want to be here to watch him die," said his wife, Virginia, of Rosnoke, Va. Mr. Petrov, 29, who is fasting for the right to live with his wife in the United States, has said that he feels extremely weak and that his body weight is dropping almost a pound a day. He has lost about 22.5 kilograms (49 pounds) and weighs only about 57 kilograms (125 pounds). Hunger strikers rarely survive more than 60 days without nourishment.

### Spain Assails EEC Study on Entry

BRUSSELS — Spain's foreign minister attacked a European Economic Community study Monday for a study of the possible effects of his country's EEC membership, scheduled for 1984.

"This is an unnecessary study that would never have been commissioned in a serious and responsible organization," Foreign Minister Josep Paredes-Llorca said. EEC leaders, responding to French concerns last month ordered a full inventory of the effects of the planned entry of Spain and Portugal. Diplomats say the move will almost certainly delay the two countries' membership.

Mr. Paredes-Llorca was speaking after talks with the president of the EEC Commission, Gaston Thorn, and the enlargement commissioner, Lorenzo Natali.

### Bolivia Leader's Removal Reported

LA PAZ — The military high command decided Monday to accept the resignation of Gen. Celso Torrealba as Bolivia's president, reliable military sources reported.

The sources, who asked not to be identified, said power would be held by a junta composed of top commanders of the three military branches and led by the army's commander, Gen. Angel Mariscal Gómez.

Amid reports he might be ousted, Gen. Torrealba announced last week that the armed forces had decided to return this nation to civilian rule in 1983. He said general elections would be held next April 24 and a new president would be seated the following Aug. 6.

Compiled From Agency Dispatches

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## EEC Officials Caution U.S. To Negotiate Trade Issues

(Continued from Page 1)

made up its mind that it could legally circumvent the embargo but has not yet announced its decision.

Warning of the impact on the alliance, Michel Jobert, France's foreign trade minister, said in an interview with a French newspaper Monday that "if the United States persists in its high-handed and aggressive attitude it will stir up acute resentment, it will weaken the Atlantic alliance and an escalation of trade reprisals will begin."

"If the alliance has political meaning, it includes not attacking one's allies in the commercial field," he said.

Mr. Galbraith called the reactions to the pipeline "posturing"



## At Pugwash, Momentum for an Arms Freeze

But East, West Scientists Disagree on How It Would Work

By Fox Butterfield

PUGWASH, Nova Scotia — The morning of Aug. 6, 1945, was clear and sunny. Prof. Iwao Ogawa remembers. At the time, he was helping his students at the Imperial Japanese Naval Academy, 10 miles, or 16 kilometers, south of Hiroshima, build a bomb shelter.

Suddenly there was a brilliant flash of light, then a terrible rush of wind that shattered the windows in his house. A huge cloud rose over the city, singed red by the firestorm burning below.

Prof. Ogawa was in a unique position. He is the only nuclear physicist known to have observed the explosion of that first atomic bomb over Hiroshima. Within hours he began making calculations that led him to suspect what had happened, for Prof. Ogawa knew that two teams of Japanese scientists were themselves secretly trying to build a nuclear weapon.

A Pleasant Recollection

Prof. Ogawa also has a more pleasant recollection. Twenty-five years ago, he was one of a group of 22 distinguished scientists from 10 countries, including the Soviet Union and China, who met at this tiny fishing village of Pugwash to discuss ways of averting a nuclear holocaust.

That conference, sponsored by the Cleveland industrialist Cyrus Eaton in response to an appeal by

Bertrand Russell and Albert Einstein at the height of the Cold War, was the first such meeting between American and Soviet scientists. It and a series of so-called Pugwash meetings that followed helped lay the groundwork for the Nuclear Test Ban Treaty of 1963, the United Nations-sponsored treaty to ban the spread of nuclear weapons and the 1969 convention outlawing biological weapons.

In 1964, the scientists split with their patron, Mr. Eaton, fearing that his close personal ties to the Soviet leadership imperiled their neutrality in the East-West conflict.

But over the weekend a group of 35 arms-control specialists, disarmament activists and scientists, including Prof. Ogawa, returned to Pugwash, Mr. Eaton's birthplace, to celebrate the 25th anniversary of the meetings and pay tribute to Mr. Eaton, who died in 1979.

Although the weekend meeting was an informal one — a full gathering of the 2,000 scientists from 75 countries who now make up the Pugwash movement is to be held in Warsaw in August — the group adopted a resolution supporting a nuclear weapons freeze, a reduction in nuclear arsenals and pledges of no first-use of nuclear weapons such as the one made by the Soviet Union last month.

The major question before the group, which included Linus Pauling, twice a Nobel laureate, was

that of how scientists could take advantage of the sudden popularity of the anti-nuclear arms movement, particularly the freeze campaign. For years scientists such as Prof. Pauling warned about the dangers of nuclear war without much popular response.

Most of the participants agreed with Sergei P. Kapitsa, a member of the Soviet Academy of Sciences and the host of a popular science program on Moscow television, that neither superpower can gain nuclear superiority.

"There is an essential parity of strategic weapons, overkill parity," Prof. Kapitsa said, differing with the Reagan administration's view that the Soviet Union enjoys an advantage because of its lead in large land-based intercontinental ballistic missiles.

But the participants did not all agree on how to put a freeze into effect. Paul M. Doty, a leading arms-control expert who is director of the Center for Science and International Affairs at Harvard University, said that in most freeze resolutions, which call for a moratorium on the testing, deployment and production of nuclear weapons, it would be difficult to verify whether a nation had stopped arms production.

He also said the next 18 months to two years would be a crucial period for arms control. If the talks in Geneva between the United States and the Soviet Union on

strategic and medium-range nuclear missiles do not make progress within that time, he said, the United States may have deployed its Cruise missiles in Europe.

Cruise missiles could upset the strategic balance, he said, and would be almost impossible to verify as part of an arms-control agreement.

Skepticism About Russia

The Soviet Union trails the United States in developing a sophisticated Cruise missile, Prof. Doty said, but it will eventually have them and the arms race will have escalated to a new level.

But Prof. Doty was skeptical of Moscow's recent pledge not to use nuclear arms first and of similar proposals by disarmament groups in the United States. Such pledges would be too easy to circumvent, he argued.

Another conference participant, the Rev. Theodore M. Hesburgh, president of the University of Notre Dame, said he had been working for the last 18 months to try to bring the world's top scientists together with the leaders of the Roman Catholic Church "for the first time since Galileo." Under a draft program he is working on concerning the dangers and possible solutions to nuclear war, the joining of scientific and religious authority could increase pressure on the world's leaders to act, Father Hesburgh said.



A rescue worker carries a fawn from an aircraft in the Everglades. Animal preservationists are being allowed to bring 100 deer out of the flood-plagued swamp in Florida.

## Sportsmen Kill 600 Deer in Florida In 'Mercy Hunt' to Thin Out Herds

United Press International

FORT LAUDERDALE, Fla. — At least 1,000 sportsmen have killed 600 deer in a "mercy hunt" that entered its second day Monday, as protesters gathered to watch the hunters turn in the carcasses.

The objective of the Florida Game and Fresh Water Fish Commission is to kill 1,500 of the weakest deer to make sure adequate food and dry ground remain for the stronger ones.

Meanwhile, the commission gave conservationists a chance to save 100 deer in a section of the Everglades. If the conservationists succeed in relocating 100 deer by noon Tuesday, the commission has agreed to help them locate about 750 others in the area. If the attempt fails short, that section will be opened to the mercy hunt for another two-day period.

The conservationists have saved only 14 deer so far.

## Pentagon Will Shift Its Civilian Jobs To Private Non-Military Contractors

New York Times Service

WASHINGTON — The Defense Department has ordered the military services to move as many uniformed men and women as possible out of jobs that civilians can do and, in turn, to shift as many civilian jobs as possible to outside contractors.

Pentagon officials said that the military services had been instructed to scrutinize nearly all work done by civilians on their payrolls with the objective of switching about half those functions to outside contractors by the end of 1987. The military services have also been directed to consider "lateral entry," a procedure by which skilled civilians could be enlisted

as sergeants or petty officers without having to rise through the ranks as they do now.

The policy of using more contractors has been supported by business groups, including the U.S. Chamber of Commerce, on the ground that competition can cut costs 25 to 50 percent. Business groups also assert, as do officials of the Reagan administration, that contracting for services is more flexible because it allows the government to expand or shrink operations as necessary.

But Congress, urged by organizations representing civilian employees of the Defense Department, has been reluctant to back the new policy.

## Triple Murder in U.S. Alarms Affluent Area

By William Robbins

New York Times Service

VILLANOVA, Pa. — To a parish that no longer needed a warning, the Rev. William J. Krupa's words were a reminder that, even here on the Main Line, wealth and influence and homes of massive stone on spacious grounds provide no sure haven.

"We should pray in a very special way," said Father Krupa, pastor of St. Thomas of Villanova Roman Catholic Church, "for the victims of violence in our neighborhoods and also for the survivors and their families."

From the quiet college community where he offered Masses Sunday, to the trimmed golf links of the Philadelphia Country Club on the east, to the spacious lawns of Newtown Square farther west, there were few on the Main Line Sunday who needed such reminders after a triple murder was discovered Friday.

Courtland S. Gross, retired chairman of the Lockheed Aircraft Corp., his wife, Alexandra, and their housekeeper, Catherine VanderVeur, were found shot to death in the Grosses' secluded mansion. They apparently had surprised an intruder.

"Our people were shocked and horrified," Father Krupa said in an interview. "One should know that things like this happen."

There have been a lot of robberies, but violence of this sort made people realize how close to home these things can strike."

Father Krupa said new fears were encountered elsewhere along the Main Line, a historic area named for the first railroad tracks to penetrate the western suburbs of Philadelphia, along which communities synonymous with affluence spread.

It is an area roughly 20 miles long and 10 miles wide. Besides Villanova, named for a university established in 1842, it includes a mixture of old Welsh names for towns like Bryn Mawr, Bala Cynwyd and Tredyffrin and English names of Ardmore, Devon, Haverford, Merion and Stratford, where some old inns once served by stagecoaches still survive.

It is an area whose residents have long been accustomed to walking without fear through middle-class neighborhoods near the station and even along lanes separating more remote areas of spacious lots and wooded estates.

"You see people walking around at night without fear," said the Rev. Walter J. Quinn, assistant pastor. "But that could change in the more secluded areas."

Fears have grown, others say, with the climbing statistics on crime, principally burglaries. Here in Lower Merion, a township of about 60,000 people, burglaries in-

creased from 521 in 1972 to 790 last year.

Those figures come as no surprise to Kathleen Bowers, a parishioner arriving for one of Father Krupa's Masses. She said she suspected one reason was a growing use of drugs.

"I can't think of any of my friends who haven't been exposed," she said, adding that she had seen cocaine "just spread out on the table" at parties.

Laverne Weisheit, who lives in the nearby community of Merion, said crime had been a major topic at a pool party he attended Saturday night, and he voiced concern for his own home, despite his burglar alarm and the fact that nearby neighbors maintain "fairly good communications."

Throughout Lower Merion, signs warning of "community watch" surveillance organized by neighborhoods are numerous.

A few hundred yards from the Grosses' mansion, Paul and Phyllis Rapp encountered a neighbor as they strolled near a police car that still guards the driveway to the estate.

"I guess we are one of the few who have not been hit," said Marilyn Stewart. "I guess we are fine, but this whole thing has shaken everybody."

## In Brazil, the Cover-Up Is a Fact of Official Life

By Warren Hoge

New York Times Service

RIO DE JANEIRO — Shortly after a commercial jet crashed on landing in Brasilia recently, a team from VASP, the airline involved, was dispatched to the runway. Its emergency mission was to blot out all mention of the company name on the plane's tail and fuselage.

With brushes and black paint, the retouchers were performing what in Brazil is a practiced art — the cover-up.

In the violent world of Brazil's sun life it is called *queima de opaco* — "burn the record" — and means that people who happen to know too much are kidnapped and murdered.

In public life, the shantytown expression can take a quite literal form. Two months ago the political police in the southern state of Rio Grande do Sul took all the records of their frequently extrajudicial year history to an open field, stacked them with gasoline and set them afire.

The capacity of those with power to act with impunity and escape accountability has long been proved in Brazil by a tradition of authoritarian rule in everything from the supervision of backoun-

try plantations and provincial police life to the conduct of the national government.

The phrase "Voce sabe quem voce esta falando?" — "Do you understand exactly whom you're talking to?" — has been used to forestall inquiries into the behavior of those in power so often that it has become a symbol of authoritarianism in Brazilian humor.

Though the military has aggravated the situation with its rule by decree during the 18 years it has run the government, such practices by no means began with them.

"When we took over in 1964, we thought that half the problem was Communism and half was corruption," said Adm. Julio de Sa Bierenbach, an independent-minded member of the Supreme Military Court in Brasilia. "Sadly, we learned that more than 90 percent of the problems stem from corruption, and lamentably, there is still a lot to get rid of."

Adm. Bierenbach was the only member of the high court to question the most broad-based cover-up operation of recent times, an army effort a year ago to protect two of its members involved in a bombing incident.

The bomb exploded in a sports

car in the parking lot outside a packed auditorium in Rio de Janeiro called Riocentro. The crowd inside was listening to a popular music concert commemorating Labor Day.

An army sergeant who had been holding the device in his lap was killed, and a captain at the wheel of the vehicle was seriously injured.

For large sectors of the Brazilian public, the incident confirmed suspicions that those responsible for about 40 unsolved terrorist bombings over the preceding 16 months were not leftists, as military spokesmen had suggested, but members of the armed forces interested in reviving repressive measures against the left.

The army buried the dead sergeant with military honors and then produced an account of the episode asserting that the two soldiers had been trying to dismantle a bomb they had found at the site. The document citing these conclusions was the subject of press and public ridicule, and Adm. Bierenbach sought unsuccessfully to hold the case open for further inquiry.

Brazil's police forces have been virtually free of any civilian redress since they were all brought under the central control of the army and its court system by de-

crees in 1969. The methods they were taught to combat internal terrorism were maintained when the guerrilla movements died out and the police went back to fighting common criminals.

Precinct-house torture is routine, and officers are widely believed to man many of the murderous vigilante bands that operate in poor neighborhoods.

In a new book called "A Violencia Brasileira," Paulo Sergio Pinheiro, a social scientist, covers 129 deaths by a squad in São Paulo known as Rota.

"With few variations," he writes, "its accounts of the deaths are always the same; a suspect is warned he is under arrest, he pulls a knife or a gun to resist, the police are forced to shoot back in self-defense and the suspect dies in a shoot-out." Mr. Pinheiro notes that the squad members have escaped all these confrontations without suffering any losses themselves.

Those who believe that corruption and abuse of power will diminish with the return of democratic government will see their theory tested in November when the country has its first fully free legislative and gubernatorial elections in 16 years.

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# Herald Tribune

Published With The New York Times and The Washington Post

## The Bottom Line Is Jobs

From THE WASHINGTON POST

Unemployment is high in the United States, but it is higher still in Western Europe. That is going to be important for Americans to keep in mind through this contentious summer's politics. The unemployment rate in America is 9.5 percent of the labor force. In Britain it is 12.2 percent, and more than half of those people have been out of work for more than six months. The rate is now well over 10 percent in Belgium, the Netherlands, Spain, Italy and Ireland. In West Germany, in the years before the oil crisis of 1973, the unemployment rate was generally less than 1 percent. It is still the lowest of any major European country, but now it is over 7 percent and rising fast.

Much of Western Europe is experiencing a surge of young people into the labor markets and a rapid rise in the numbers of women who want to work — trends that appeared in America in the late 1960s. But the creation of new jobs is much slower in Europe. In the 1970s the U.S. labor force grew by 24 million, and a rapidly expanding American economy generated jobs for six out of every seven of them; in Europe the labor force grew by about 4 million in the same decade, but employment rose by only 1 million. Why?

Several interesting answers, or at least suggestions, come from the Organization for Economic Cooperation and Development in Paris, the economic scorekeeper for the industrial world. World War II and its aftermath left Europeans with an even greater hunger for personal security than Americans. Social benefits tend to be financed more

heavily through payroll taxes in Europe, and those benefits are more closely tied to jobs. That makes employers reluctant to hire additional labor when the economy is on the upswing, and it makes employees more reluctant to move away into other kinds of work when the economy is on the downswing.

European legislation and labor agreements provide strong protection to personal income. But in a time of high inflation and low growth, as the OECD also points out, it means that wages rise at the expense of business profits and investment, which is bad for employment. As public deficits rise, governments in Europe — exactly like the U.S. government — try to protect personal benefits by cutting back on public investment.

Governments on both sides of the Atlantic assumed in the 1960s and early 1970s that the high prosperity of the time was going to last forever. There was a great inclination to believe that the basic questions of economic growth had been solved once and for all. Both governments and private employers extended extremely broad commitments to wages, benefits and job security, based on those forecasts of steady expansion. Then, after 1973, the forecasts collapsed.

Unemployment in Western Europe averaged 14.5 million people last year, compared with 8.3 million in the United States. The OECD estimates that it will be 16.5 million in Europe this year and that even with a modest recovery it will rise by perhaps a million next year. In Europe's politics, the fact of economic stagnation and rising unemployment now underlies almost everything else.

## After the Age of Carriers

From THE NEW YORK TIMES

Preparing to fight the last war is an old military failing but an understandable one: The next war is not available for study. Less understandable is why the Reagan administration is preparing to fight the war before last. Ignoring the main, fiery lesson of the Falklands conflict, which dramatized the high vulnerability of surface ships to attack by computer-guided missiles, the U.S. Navy is still pressing forward with its record \$168-billion, five-year procurement program. That is pure folly. The program is not only vulnerable to the current mood of budget-cutting; it should be extensively rethought, on the merits as well as the money. The whole program reflects the thinking of the carrier admirals who have dominated strategy since Pearl Harbor.

The Navy has 13 large carriers, including four nuclear-powered behemoths, with a fifth building. Upgrading eight 80,000-ton conventional carriers to the end of the century the 12- to 13-carrier fleet deemed sufficient by three previous administrations. But the admirals want a surface fleet built around 15 big carrier battle groups. Congress is being pressed for two more 90,000-ton, nuclear supercarriers at a cost of \$17 billion each, including planes and escort ships.

The Reagan administration's original case for two more nuclear supercarriers was that their high performance would allow them to land-based air and missile defenses off the north cape of Norway and pursue the Soviet Navy into its lairs at Murmansk and Vladivostok. For other carrier roles — like out-matching the Soviet surface fleet at sea and dealing with brushfires — the present mix of

flatboats was seen as adequate. But now the Pentagon's argument is shifting.

The Soviet Union has better missiles than the \$200,000 Argentine Exocet that wiped out a \$30-million British destroyer — and many more of them. It could also dispatch land-based aircraft against a fleet attacking the homeland. (This attack mission has, in any case, been deemed impossible by such authorities as Admiral Zumwalt, Senator Hart and former Defense Secretary Schlesinger, who favor dispersing seaborne aircraft on more smaller flatboats.)

Navy Secretary Lehman's response is that supercarrier battle groups are now also needed for brushfire wars, and that their defenses could defeat the guided missiles acquired by many Third World countries. But the choice is now between big or small carriers. No one asks the Navy to abandon the big carriers it now has, more than enough for brushfires. The question is whether it needs two more and whether it is misguided in its planned buildup from a 450- to a 600-ship fleet.

The Soviet Navy has no big carriers and is building none. Its threat stems mainly from 250 submarines that could attack the sea lanes to Europe and the Gulf. The antidote is hunter-killer submarines, frigates and destroyers for convoy duty, and small carriers for planes and helicopters to pursue subs.

The Falklands experience should finally prove that World War II doctrine are out of date. It is yet another reminder that even in asking the Pentagon to list everything it would like, the Reagan administration has not met its duty to discern what the armed forces of the United States really need.

## Other Editorial Opinion

### Reagan and a Grain Embargo

American farmers are now suffering again from low prices and very high stocks. A new grain embargo would hit them very hard. Very probably the Russians would, as before, be able to meet most of their needs elsewhere. President Reagan's reluctance to use the grain weapon is therefore understandable. It would work only if other major grain exporters were to join in. Since some of these, such as Canada and Australia, are Western democracies, it might be possible to gain their cooperation in a major crisis — but not for the general purpose of inflicting economic hardship on the Soviet Union. Since few, if any, of America's allies believe that there is value in attempting to do so.

The wider lesson, therefore, is that it is more important for the United States to work for general agreement among its allies on a rational, coordinated and consistent attitude and strategy toward the Soviet Union than to wrangle over specific measures which on their own are of only limited significance.

—The Times (London).

### Casey and His Stocks

The director of Central Intelligence is one of a tiny number of government officials with virtually unlimited access to the broad spectrum of international intelligence information that is gathered by the United States. That includes economic intelligence, which is obtained in many cases well in advance of the

time when it becomes public knowledge. To insulate themselves from even the appearance of profiting from such prior information, top officials are required to place stock holdings that they want to retain in a blind trust.

The director of Central Intelligence is exempted from that rule. Last year William J. Casey sold more than \$600,000 in oil stocks. Whether he made money, lost or broke even is not known. In a way it is not important. What is important is that the sale a man in Casey's position has raised unanswered questions about whether secret intelligence information affected his decisions.

Casey has agreed to an arrangement under which senior CIA officials will be kept advised of his stock transactions. If those officials think they see a potential conflict between Casey's official duties and his private financial interests, they may exclude him from making a decision on an official matter. Casey, meanwhile, would retain full freedom to buy and sell stocks as he chooses. That is a cumbersome arrangement, and a troubling one. It suggests that the nation's top intelligence official could, at times, be isolated from the decision-making process that is part of his legal responsibility. In order to protect him from a possible interest conflict.

It would clearly be far better if Casey were able to perform his job fully without reference to his personal financial affairs. That could be done if he would do what his predecessors did, and what he himself did in two earlier important government jobs: place his investments in a blind trust.

—The Los Angeles Times.

## JULY 20: FROM OUR PAGES 75 AND 50 YEARS AGO

### 1907: Excitement in Seoul

SEOUL — The most intense excitement known here since Nov. 17, 1905, when the announcement was made that Korea had by treaty accepted the Japanese protectorate, prevails. The Koreans were at first inflamed by the revelation of the extraordinary recommendations of the Cabinet, which were regarded as Japan's demands. The demand that the emperor should transfer the governing power to a regent and humiliate himself by an apology to the Emperor of Japan was bitterly resented, and threats against the lives of the offending ministers were freely made. Then came the unconfirmed report from The Hague that Prince Yi had committed suicide in the presence of other delegates.

### 1932: Disarmament Consensus

GENEVA — The American, British, French and Italian delegations reached substantial agreement on the text of the resolution to embody the accomplishments, actual and promised, of the disarmament conference. The delegations hope to write a paragraph dismissing the final obstacle — abolition of mobile artillery — and will then present the draft of the resolution publicly to the lesser powers, certain that Soviet Russia will attack it as a sham but hopeful that Germany will remain silent. The French-American formula on effectiveness made the final negotiations merely a problem of drafting a sufficiently broad paragraph on budgetary limitation, aerial bombardment and naval guns.

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S.A. au capital de 1,200,000 F. R.C.S. (Netherlands) No. 34231.  
U.S. subscription: \$250 yearly. Second-class postage paid at Long Island City, N.Y. 11101.  
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## A Foreign Policy Is Made at Home

By James Reston

WASHINGTON — Every new secretary of state since John Foster Dulles has vowed to stay home and preside over the definition and direction of America's foreign policy, but the call of the wild blue yonder has been too much for them. George Shultz may be different.

If our information is correct, he plans to concentrate on the philosophy and strategy of U.S. policy abroad during the next few months and leave the detailed negotiations on specific problems to experienced men, some of whom have preceded him at the State Department.

For example, the negotiation of an end to the Lebanese and Iranian wars, leading to a general settlement of the Palestinian problem, dominated the Senate Foreign Relations Committee, and he is now talking about recruiting former secretaries of state Cyrus Vance and William Rogers, along with William Scranton and Sol Linowitz, to help with this problem. No doubt Shultz would add Henry Kissinger to this list, and he certainly consults with him, but Kissinger is not Ronald Reagan's favorite diplomat.

Shultz is not likely to leave his post in Washington for weeks on end to fly around the Middle East trying to compose the ancient quarrels there, as Kissinger did with some success; or to shuttle across the oceans and the continents, as Al Haig did, to try to settle the battle for the Falkland Islands. Too many other things happen when the secretary of state is away dealing with some corner or crossroad of the world, and no secretary of state since George Marshall or Dean Acheson at the end of the last world war has faced such a catalog of daunting foreign and domestic political problems as Shultz faces now.

The alliance of free nations that has maintained a balance of power for more than two generations is in serious trouble. The West European allies do not believe in the Reagan administration, and vice versa. And on the larger issues of world strategy, U.S. relations with Moscow and even with Peking are worse today than they have been in some years.

The accumulation of these differences in the world has begun to increase differences at home. There is now a public outcry in the universities, the churches and even the town halls of America against the administration's military budget and its efforts to maintain a nuclear arms balance in the world.

In frustration over arms policy, trade policy and the continuing rise in unemployment and interest rates throughout the free world, we are also beginning to hear nationalist and even isolationist cries for protectionism and the withdrawal of U.S. military forces from Europe and South Korea, which, of course, is precisely what the Soviet Union has been aiming at ever since the end of the last world war.

The Republican leader of the Senate, Howard Baker of Tennessee, remarked the other day that he hoped nobody would introduce a resolution calling for a withdrawal of American forces from Europe or the Far East, "for in the present mood of the Congress I couldn't be sure how it would come out."

George Shultz is not coming aboard at an easy time.

The New York Times

## Shultz on Europe, or How to Walk on Eggs

By Murray Marder

WASHINGTON — To America's allies, there may well appear to be whole pages missing from the record of George P. Shultz's confirmation as secretary of state. The missing pages would be filled with probing questions and somber answers about the widest breach in years inside the Western alliance.

But no one has tinkered with the transcript. In two days of testimony by Shultz, the bruising differences that exist between the United States and its allies about how to deal with the Soviet Union were never directly raised, much less debated.

West European leaders know that few Americans understand as well as Shultz why they pursue détente with Moscow despite its abandonment by the United States, and why the Atlantic alliance is now being torn by discord over U.S. sanctions on Soviet trade. Politically astute West Europeans can probably understand, as well, why Shultz, entering an administration committed to toughening its Soviet policy, wanted to minimize the angry split in the alliance over strategy.

Nevertheless, it may seem incredible to West German Chancellor Helmut Schmidt and other close friends of Shultz in Europe that this discord, which helped to bring down his predecessor as secretary of state, was never seriously explored in the Senate hearings. Shultz was able to brush past the European perspective on the uproar over U.S. sanctions on equipment for the Siberia-to-Europe gas pipeline. "Friction and differences are inevitable among allies," he said. He conceded only that the pipeline dispute is "causing us difficulty in Europe," but "everybody knows that." No one asked for explanations about what "everybody knows."

An unspoken reason why Shultz was not pressed by Senate Democrats is that they expect him to lead the administration away from a colli-

sion course with Western Europe on East-West policy. The rare unanimous Senate approval of Shultz's nomination reflected that expectation.

Fellow moderates in the Reagan administration are similarly counting on Shultz to help calm the trans-Atlantic storm, but militant insiders are adamant about maintaining a tough U.S. position. Shultz aspires to be the president's man. He has always distinguished between the responsibilities of elected political leaders and the role of "professionals," as he considers himself.

The praise that Shultz drew from both militants and moderates in foreign policy gives him a cross-balancing source of strength that he is unlikely to risk lightly. But one of these factions is guaranteed to be disappointed.

In the confirmation hearings no member of the Senate brought up an earlier and highly relevant chapter in Soviet-American relations when Shultz (then Treasury secretary), took a position staunchly in favor of trade with the Soviet Union.

It came in the early 1970s, when Shultz and Kissinger (then secretary of state), who remain mutual admirers, learned the costs of trying to alter Soviet policy by using trade as a weapon to impose demands on the Kremlin. Shultz and Kissinger were outmaneuvered then by Sen. Henry Jackson, who was determined to force drastic changes in Soviet emigration policy as the price for normal trade relations with the United States.

Shultz twice negotiated personally with Leonid Brezhnev in search of a way around Jackson's demands, but no way was found. Kissinger in his memoirs pays monumental tribute to the skill of Jackson and other foes of détente in exploiting "our doctrine of linkage" in bargaining with the

Soviet Union, by tying up Kissinger with demands on the Kremlin that he could not deliver. "I found myself," Kissinger wrote, "in the position of a matador trying to deflect a bull with complicated capework while, behind his back, someone waves a red flag focusing the animal's attention on the bullfighter."

Shultz, with that shared experience, will want to avoid any such predicaments. But he has agreed to serve in an administration that is deeply riven on policy toward the Soviets, and it will take all of his considerable gifts to find a policy line that the important administration players — and the allies — can be induced to accept.

In his confirmation hearings he sought to placate all the factions in the Reagan government. He went further than President Reagan or any other senior official has gone in recent months to explicitly link nuclear arms negotiations to the Soviet Union's global conduct. "Our efforts in the area of arms reduction are inevitably linked to restraint in many dimensions of Soviet behavior," Shultz told the senators.

He sidestepped saying whether he agrees with the 1980 Republican platform's condemnation of détente. By deploring the "bully-like quality" of Kremlin policy, he protected himself on the right flank. But by disclaiming a strategy "of confrontation" and advocating instead "a strategy of confidence, strength and a sense of realism" coupled with "a willingness to negotiate," he gave comfort to political moderates.

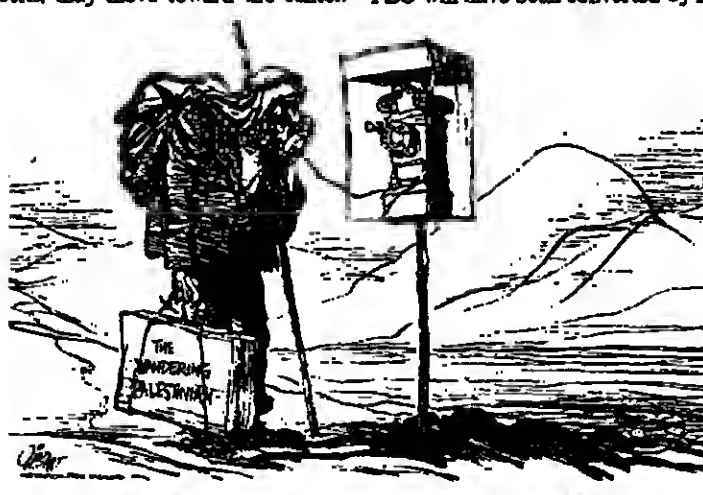
Shultz thus passed one essential test in diplomacy: Alienate no one without purpose. The next test is to convince America's estranged allies and its adversaries that the Reagan administration can operate with increased coherence in the world with its second secretary of state.

The Washington Post

## For a Palestinian Settlement, but on American Terms

By Stephen S. Rosenfeld

WASHINGTON — It was good to hear Secretary of State George Shultz say the Palestinians must be brought into the political act in the Middle East, and it was good to hear him lay out the broad terms on which they must be brought in. If a total collapse can yet be avoided in Beirut, then the Palestinian issue, now moving hesitantly to the edge of official American concern, may move toward the center.



"Mr. Shultz — Can I believe what I hear?"

But for good to come of it, the move must be made with care. I wave this warning flag for a reason. As never before, events have positioned the Palestinian issue for political action, although of course the key parties diverge sharply on how to address it. No matter how the Beirut siege plays out, the PLO will have been converted by Israeli arms and by Arab and Soviet abandonment from a military threat into an organization with only a political option left.

I suspect that the bloodiness of Israel's conduct in Lebanon has been exaggerated, but, real and imagined, it has given an extra latitude to a U.S. Palestinian policy that would not be as deferential to Jerusalem as in the past. This has happened, moreover, as a secretary of state takes office who sees a new urgency in the Palestinian issue.

But it would be wrong to exaggerate the ripeness of the situation. Excessive anxiety could make the Israelis and their friends more rigid, as overconfidence could cause the Palestinians and their friends to overreach. For America — on this issue, now again — to raise expectations on which it did not deliver would be to invite a policy disaster.

The immediate focus lies in Beirut: how to save the city from the ruin that the Palestinians and Israelis, twins in cynicism, threaten to bring upon it by holding out and by coming in, respectively. The PLO is suggesting it will swap evacuation for American recognition. That is, if the United States will drop its con-

dition for dealing with the PLO — that the PLO first formally accept Israel — then the PLO will allow Beirut to be saved.

To which a reasonable American ought to say: No thanks. The PLO demand is more than nervy. It is blackmail for the PLO to hold a pistol to Beirut's temple and demand that the United States make an unearned political gift that would violate a solemn commitment. Nothing could sooner convince Israelis that the United States means to sell them out. Nothing could better thwart progress on the only front where a settlement can ever be made — in direct negotiations between Israelis and Palestinians.

It is illuminating to see what a premium the PLO leadership places on a breakthrough to Washington. Obviously, such a breakthrough would be of incalculable help in achieving legitimate Palestinian political aims — by which I mean self-determination within borders and under conditions negotiated with the Israelis. It is right that Palestinians should have full American help in pursuing these aims.

But they should have help on U.S. terms, and the terms of America are

the reasonable and principled ones stated in 1973 and restated in many fashions by Shultz at his confirmation hearing. The PLO, he said, should abandon terrorism, accept Israel as a sovereign state, and negotiate a settlement on the basis of the Camp David accords.

That would be a stiff price for the PLO and would doubtless cause splits and deep recriminations in the organization. Understandably, the PLO would like to buy in cheaper. To that end, the organization is calculating a new set of words that hint at acceptance of the American terms. But they only hint. The PLO's position remains fuzzy and repudiable. The PLO needs to be encouraged to move along further.

Will the PLO bite the bullet? The reasons why it may not are plain enough. But by accepting "Israeli withdrawal from occupied territories," the PLO would put the United States under a profound obligation to help negotiate a political result that the PLO is manifestly unable to produce in any other way — now less than ever.

The Palestinians would also, I believe, trigger the transformation of Israeli attitudes which, when Egypt elicited it, brought Egypt all its lost territory, and peace.

The Washington Post

## A Warning

WASHINGTON — Washington's weather has gone into its Amazonian phase again. On these torpid afternoons the box constructors hang straight down from the trees like string their beady little eyes dull with ennui. There is the shrill cry of the macaw, and an occasional Metrobus makes its way slowly through the rain forest. Beyond that, a great silence.

Once again the Weather Administration has gone too far. It is over-reacting to the public complaints about the cold weather last winter. In its anxiety to get the temperature up, it has us usual overheat its mark.

The Weather Administration always claims in its reports that it has achieved a moderate and comfortable annual average temperature. That should make one more cautious about averages. The average may be comfortable, but the route by which one gets there is a series of wild excursions into excess, first in one direction and then in the other. A couple of weeks ago it seemed that the Weather Administration had at last managed to stabilize the humidity at a reasonable level. This, too, was to have been another vain hope.

The public has shown great patience toward the Weather Administration. Everybody realizes that the system is not easy to operate. A cold snap here or an unexpectedly warm day there is perfectly understandable. It is the prolonged and excessive deviations from the target path that generate doubts about the basic competence of the Weather Administration's present personnel to meet their public responsibilities. If they cannot get the weather back on a tolerable track, it will become necessary to replace them, and to impose basic weather reforms that, in the opinion of some observers, are long overdue.

The Washington Post

## Cancer Statistics

Regarding "Food and Cancer" (JHT, July 16): Statistics on the relation between cigarette smoking and cancer are always fascinating. According to the editorial, "Cigarettes are causing one quarter of cancer deaths today." This rather obscure phrase seems to mean that a quarter of all people who die of cancer smoke cigarettes. The corollary is that three quarters of them don't. The obvious conclusion is that people who don't smoke are three times as likely to die of cancer as people who do.

But I believe, on the basis of personal experience, that this figure is too low. Among 10 of my close

friends and relatives who have died of cancer, only one of them smoked. This would seem to indicate that nine out of ten of their deaths from cancer were caused by not smoking.

A.D. LITTON, Paris.

## Nathan Leopold

Regarding "One Nervous Girl's Testimony in 1924 Is Recalled by Upstart Over Hinkley" (JHT, July 15): I would like to make the following points in comparing the "crime of the century" trial in Chicago in the summer of 1924 to the trial of John Hinkley in the summer of 1982:

• The general public wanted two

wealthy students hanged, and the prosecution argued that neither would ever be rehabilitated. After Nathan Leopold served 33 years in an Illinois state prison, my late godfather, Rabbi Jacob J. Weinstein of Chicago, cast the swing vote in a 4-3 decision by the Illinois Parole Board allowing Leopold to leave prison.

He had been a model prisoner and he now led a law-abiding life. He was now before the parole board because he had incurred after volunteering to be a guinea pig for new medical experiments in prison. He married a florist in Puerto Rico, lectured at a university in West Germany and was an example of how a person who committed one of the most heinous crimes of the early 20th century in America was completely rehabilitated.

I lived for 22 years on the site of the old Leopold estate in the Hyde Park district of Chicago, and wrote my high school senior thesis at Harvard School for Boys, from which he was graduated along with Richard Loeb. I corresponded with Leopold when he was in prison.

"Compulsion," based on the crime, I interviewed him and he said he felt Leopold was "dangerous" and should never be allowed out of prison. Attorney Clarence Darrow had convinced the judge to spare the pair, and he sentenced them to life imprisonment without possibility of parole. Loeb was murdered in prison after serving 12 years of his sentence.

I believe that all of the psychological studies of this case clearly point out that we can learn much from a Nathan Leopold or a John Hinkley concerning insanity, rehabilitation and the death penalty.

Rather than building more prisons, we need to put funds into providing more therapy in prisons and better therapy in mental hospitals all over

the world. If as deranged a mind as Nathan Leopold passed on, let me not, hummed summer day in 1924 can be healed, so can Hinkley.

Meg Greenfield has written from her heart. The International Herald Tribune did well to run her article.

JEFFREY H. GALE, London.

## Manich Postscript

Regarding "The Gripes of a Football Muffler" (JHT, July 14): Living close to Munich as I have for almost 10 years, I read John Dornberg's "Letter from Munich" with special interest. But I would quarrel a little with it. Heaven knows I suffered during the World Cup — night after night of trumpets, hooting, shouting and wishing — and me the archetypal football-muffler. But I take issue with Dornberg's pessimistic account.

Firstly, in a pleasant spin-off from the games, many informal groups of wives took to joining forces on World Cup evenings: meeting for cool drinks at someone's house or going off together to the nearest study or garden to enjoy the warm evenings we have been having recently.

Secondly, I must say, as I have spoken to no one, not even the more fanatical football fans of our acquaintance, who really hoped the West German team would win the Cup. After the "scandalous" match against Austria, a cynically calculated and unimportant draw which wasted the Spanish spectators' wasted money and ensured West Germany's promotion to the next round, forcing Algeria out of the running, anyone around here seemed to be ashamed of the team. Many people hoped, albeit for "disqualification" of the West German team.

KIRSTEN H. CUBITT, Garmisch, West Germany.

دكان النكاح



## Polish Foreign Minister Visits Vatican for Talks On Planned Papal Trip

ROME — Poland's foreign minister made a surprise visit to the Vatican Monday for what Roman Catholic Church sources described as "final, definitive" talks on Pope John Paul II's proposed visit to his homeland.

The pontiff would like to return to Poland in August for the celebration of the 600th anniversary of the Shrine of the Black Madonna at Czestochowa, a symbol of Polish Catholicism and nationalism.

The Soviet Union opposes the trip, insisting that the pope's 1979 visit to Poland was a cause of the social unrest that followed in 1980 and produced the independent labor movement Solidarity.

Foreign Minister Jozef Czerwinski of Poland met for 30 minutes at Rome's airport with Archbishop Luigi Poggiani, a top Vatican diplomat who handles relations with Poland, and Monsignor Janusz Bolech, a Polish-born prelate in the Vatican foreign service.

At the Vatican he met with the secretary of state, Cardinal Agostino Casaroli. Vatican sources said he will see the pope Tuesday morning at Castel Gandolfo, the papal summer retreat near Rome.

### Hastily Arranged

Mr. Czerwinski's visit apparently was arranged at the last minute. Sources said he will also confer with Archbishop Jozef Glemp, the Roman Catholic primate of Poland, who has been at the Vatican for almost two weeks of consultations, and the two will return together to Warsaw Thursday.

Only Friday, Archbishop Glemp was quoted in the Roman Catholic weekly magazine *Sabato* as saying that a papal trip to Poland in August appeared unlikely. He added that it was impossible to predict a time for the trip, "maybe in October, or next year."

Some Polish sources have speculated that there might be three possibilities — a 36-hour visit to Czestochowa — which would be declared a closed city — a brief visit in September or October or a pastoral tour of the country next May lasting 10 to 16 days.

The pope has said he would make the trip only if certain conditions are met. Archbishop Glemp was quoted as saying that the lifting of martial law is secondary to the freeing of internees and a resumption of a dialogue with Solidarity.

**Releases Reported Continuing**

WARSAW (UPI) — Poland's official press resumed warnings Monday against underground activity as reports continued to circulate about the steady release of political internees.

The armed forces newspaper *Zolnierz Wolnosci* described "candles burning in the windows, electrical resistors worn in lapels, those Solidarity badges draped with black ribbons" — all signs of underground protest — as out of context today.

Meanwhile, sources in contact with Bialoleka prison, where internees in the Warsaw area are held, said only 150 out of about 250 still remain.

There have been widespread rumors that the martial law ruler, Gen. Wojciech Jaruzelski, will announce the release of a thousand or more internees at a parliament session Wednesday on the eve of Poland's national holiday.



Foreign Minister Jozef Czerwinski of Poland arriving in Rome. At right is Archbishop Luigi Poggiani, meeting him for the Vatican.

## Church and State in Philippines Clash on Abortion, Contraception

By Pamela G. Hollic

New York Times Service

MANILA — In the Philippines, where families of 10 or more are common, the church and the government are battling again over the issues of contraception and abortion.

Cardinal Jaime Sin, the archbishop of Manila and an outspoken critic of the government of Ferdinand E. Marcos, is waging a campaign to prevent the imposition of population-control policies. "The Philippine government does not follow the church," Cardinal Sin said recently, "despite the fact that the Philippine population is predominantly Catholic and therefore bound under pain of sin to obey the teachings of the Catholic Church."

On July 11, priests throughout Manila preached sermons about the sanctity of life and the blessing of motherhood. The church protests followed an announcement July 6 by Premier Cesar Virata that steps must be taken immediately to prevent the Philippine population, now at 50 million, from eventually exceeding 115 million, the upper limit of the country's resources.

### Economic Priority

With only limited resources and dim prospects for increased financial assistance from multilateral institutions, the Philippine government has become increasingly concerned that unchecked population growth could create what one Philippine economist recently called another India.

There has been considerable argument over whether population control should be an economic priority. But Mr. Virata, who returned recently from a World Bank meeting in Tokyo, told a Cabinet meeting that unless the annual population growth rate could be reduced from 2.5 percent to 2 percent by 1987, the Philippines could face serious economic problems and decades of poverty.

At the current growth rate, the government has been hard pressed to create the 700,000 annual jobs needed to meet the demands of the growing workforce. The World Bank had insisted that the Philippines develop a comprehensive population-control policy.

The Roman Catholic Church is united in its opposition to government intervention in the reproductive issue. And, so far church resistance has partially prevented the government from meeting its population goals.

A recently released fertility study conducted by the Population Reference Bureau in Washington estimated that the rate of use of contraceptives in the Philippines was 39 percent, substantially below government projections for 1981. The government had set 1985 targets at 83.5 percent. By then, the population was projected to be 53 million and increasing at 2 percent. The government will make neither goal by 1985 and hopes to get the growth rate down to 2 percent by 1987.

With the help of the Economic Planning director, Placido Mapa, a member of the conservative religious group, Opus Dei, the church temporarily won a victory in May when the family planning program was struck from a draft of economic priorities for 1983 to 1987. But with extensive campaigning, the population commission was able to obtain approval of this year's U.S. aid package for contraceptive services from the Economic Ministry despite Mr. Mapa's objections.

The church was dealt a further blow when a study conducted by the International Projects Assistance Service showed a growing acceptance of abortion. The study found that abortions were on the rise and that one third of the women surveyed thought they should be legalized.

Manila is expected to have 12 million people by the turn of the century. It now has about 3 million people, nearly half of them squatters.

## A Journalist in Kenya Imprisoned for Sedition

United Press International

NAIROBI — A Nairobi judge sentenced a journalist, Wangendu Kariuki, to four and a half years in prison on Monday for possessing seditious literature.

Mr. Kariuki was the first of 11 prominent Kenyans detained in a two-month crackdown on dissent, announced by President Daniel Arap Moi, to be tried. Judge Abdul Rauf said the pamphlet found in Mr. Kariuki's possession was "manifestly seditious" and its possession called for a lengthy prison term.

## S. Africa Uses Visas To Turn Residents of Homelands Into Exiles

By Joseph Lelyveld

New York Times Service

ZWELITSHA, South Africa — Malusi Mpmulwana, a close associate and political heir of the martyred black nationalist Steve Biko, filled out an application last week for a visa that would enable him to return to South Africa to resume his studies for the Anglican priesthood.

Mr. Mpmulwana was not in exile in some foreign country when he filled in the form. He was sitting in his little house in this crowded black township, which was built in South Africa by the South African government. In his own mind, he remained a South African in South Africa. But in terms of South African law, he was wrong on both points.

An untutored visitor coming upon Zwelitsha along the highway that leads from the Indian Ocean port of East London, 35 miles (56 kilometers) south, would conclude at a glance that the township was simply a segregated black suburb of King William's Town, a community of roughly 45,000 people.

The blacks, who are heavily in the majority, live mainly on one hillside. The most affluent white suburb ranges up another, with the business and industrial district sitting in a basin that lies in between.

But, in the view of the authorities, what the eye plainly sees is a mirage. In fact, since last December when the "homeland" known as Ciskei accepted the nominal form of independence South Africa offers its former tribal reserves, an international border has been deemed to exist between Zwelitsha and the rest of King William's Town.

The border is unmarked. No sign tells the blacks of Zwelitsha when they enter the country called South Africa on their way downtown to work or shop. A sign probably did not seem necessary, for the law that the white Parliament in Cape Town passed to confer sovereignty on Ciskei contained a provision exempting its citizens from immigration formalities.

In practice, as Mr. Mpmulwana remarked, independence remains a "word in the mouths of the politicians." But then the other day the former activist turned theology student received a letter from the Ministry of Internal Affairs in Pretoria that had a significance that was more than personal, for it carried to its logical extreme the theory under which the authorities are seeking to turn most or all of South Africa's blacks into foreigners.

The letter politely informed him that his exemption from the requirement to seek a visa had been withdrawn. "Before you can enter

the Republic of South Africa you must be in possession of a visa," the letter said.

The same letter, Mr. Mpmulwana discovered, had been received by Charles Ngakula, who was national president of a black journalists' union called the Media Workers Association of South Africa until he received what is known as a banning order that placed him under house arrest. Mr. Mpmulwana had also been banned.

But now, since the two men are no longer deemed to be in South Africa, they can no longer be banned in this manner by the South African authorities. Instead, in what appears to be an administrative innovation, a way has been found to turn them into exiles, although they are still at home.

It means a total disruption in both the small tasks of their lives and their larger plans. They cannot go to the bank or take their cars to be serviced. They cannot go in person to the South African Embassy in Ciskei to apply for visas, because it is on the other side of town.

They cannot even travel freely in Ciskei itself, because all the roads they would need to take pass through South Africa. Mr. Ngakula, now an officer for a church-funded education project, is cut off from most of the schools he normally visits. Mr. Mpmulwana, who has been studying Greek, theology and church history at the Federal Theological Seminary in Natal province since last January, will not be able to return when classes resume next week.

The Anglican archbishop of Cape Town, Philip Russell, has written to Pretoria in support of his visa application, but Mr. Mpmulwana is not optimistic.

The tactic of requiring him to apply for a visa — as well as a second document known as an alien resident's permit — is calculated, he fears, to force him to go overseas to continue his training for the priesthood.

The measure of his desire to remain is his readiness, against all his convictions and instincts, to apply for a visa. "I'm not an alien," he said. "I can't possibly be an alien. But they've made me acknowledge that I'm a foreigner. That's the pain of it. They've succeeded beyond their wildest dreams."

### UN Chief Visits Romania

The Associated Press

BUCHAREST — UN Secretary-General Javier Pérez de Cuellar arrived in the Black Sea port of Constanta Monday on an official visit for talks with President Nicolae Ceausescu.



British hospital workers picket St. Mary's Hospital in Paddington at start of their national strike for a 12-percent raise.

## British Trains Running, But Hospitals Struck

Reuters

LONDON — Britain's trains ran again Monday after the collapse of a two-week strike by engineers, but troops and police went on alert to cope with emergencies as a three-day stoppage by health workers took hold.

British Rail reported services on most lines were near normal, although engineers returned to the job in an atmosphere of bitterness.

Their union, the Associated Society of Locomotive Engineers and Firemen, had failed to win the support of the central body of the British Labor movement, the Trades Union Congress, for their strike over new flexible work rosters.

Sir Peter Parker, chairman of British Rail, said industrial disputes this year had cost the network £200 million (about \$350 million), but that "the line ahead is now clear."

"Our only real enemies are lack of productivity and lack of investment," he said, adding, "I need all the help I can get now from drivers

to win traffic back and earn the extra investment."

But as one major national strike ended, another began.

Pickets took up positions at major hospitals to enforce a pay strike by a million workers aimed at reducing the state-run health service to accident and emergency facilities only.

Troops and police were on standby, alert in case emergency ambulance services broke down. The government has offered nurses raises of 7.5 percent and ancillary health workers 6 percent. The 12 unions involved in the dispute want 12 percent.

Norman Fowler, the health and social services secretary, said the strike was unjustified and urged the strikers to call it off. The only effect would be to endanger lives, he said.

The health workers have called on up to 5 million people who belong to the same unions but are employed in other industries including local government, water, gas, electricity, sewage, universities, and transport to support the strike.

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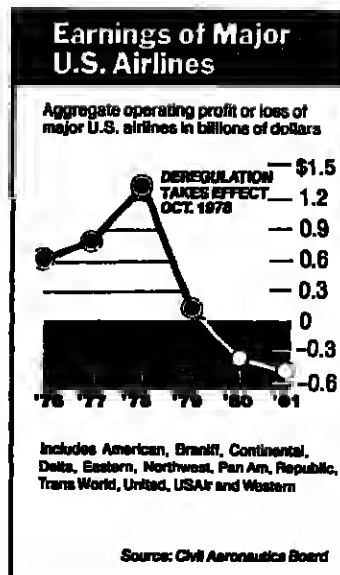
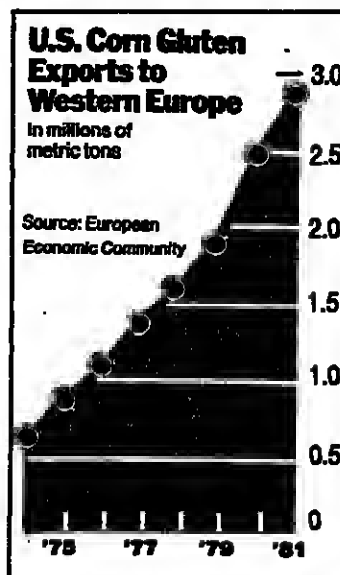
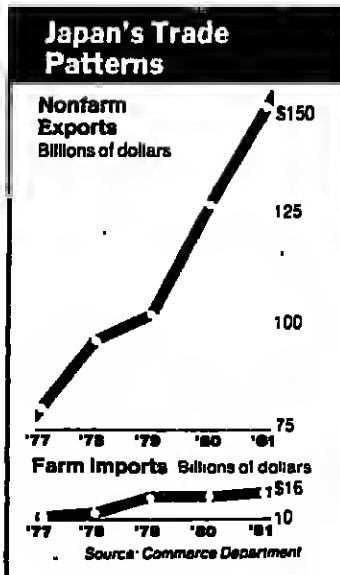
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## ARTS / LEISURE

People-Watching  
In Art Museums

By John Russell

New York Times Service

ONE OF the incidental pleasures of going through European museums is being able to monitor the different ways in which people behave from country to country. In the major Italian museums (and in the major churches, too) all may well be pandemonium. People talk at the tops of their voices. Whole troops of foreigners stampede through the rooms every time a colored banner signals them to move on.

Inside St. Mark's in Venice on a Sunday afternoon the noise level is like that of Grand Central Terminal at peak hour. I am told by a reliable informant that in the Uffizi in Florence the level of light can be so low as to cause even the mildest of American scholars to protest. (They get nowhere, by the way.)

In Paris, the Pompidou Center has a name for rowdiness, but I had quite another impression of it at the centenary exhibition of Georges Braque. (Admittedly it would be difficult to be rowdy in the presence of those particular paintings.)

A high level of discourse was maintained. Inter-generational discussions were carried out politely but at great length. Every sentence was perfectly formed, with subjunctives slotting neatly into place. Poetry, philosophy, the novel and the science of human nature were invoked in turn. When the discussion was over, arms were linked and people left the room well pleased with Braque and with one another.

German museums in summer have yet another character. There are a great many very young people. Though often very oddly dressed, they are sober and respectful almost to a fault. Something of the dreamlike quality of 19th-century German romanticism survives in their fixed persistent gaze and air of exaltation.

Nothing throws them. The language of living art is to them a lingua franca, to be taken as their birthright and without question. They never complain or blow up. Nor do we detect in them the grumpy, half-alive, "I know better" look that we find sometimes in London and elsewhere.

So in one way or another it is as true as ever it was that the museum public can be as much of a revelation as the museum itself. People who complain of the crowds in museums should take those crowds as what they are — a subdepartment of the human comedy that need never be boring. Dummer knew that, and so should we.

Wherever you look, the house museum is the hot thing. Municipalities the world over may knock themselves out to build ever bigger new museums, but the people's vote goes as often as not to the small houses in which great books or art have been produced.

Giverny is a case in point. The provincial museums of France are full of wonderful things, but the suffrage of the foreign visitor has been given overwhelmingly this last year or two to the former farmhouse not far from Paris in which Claude Monet spent a great part of his life. The rehabilitated garden is nowhere near its peak, and there's no question of seeing the great paintings for which Monet is famous, but people can't wait to get to Giverny.

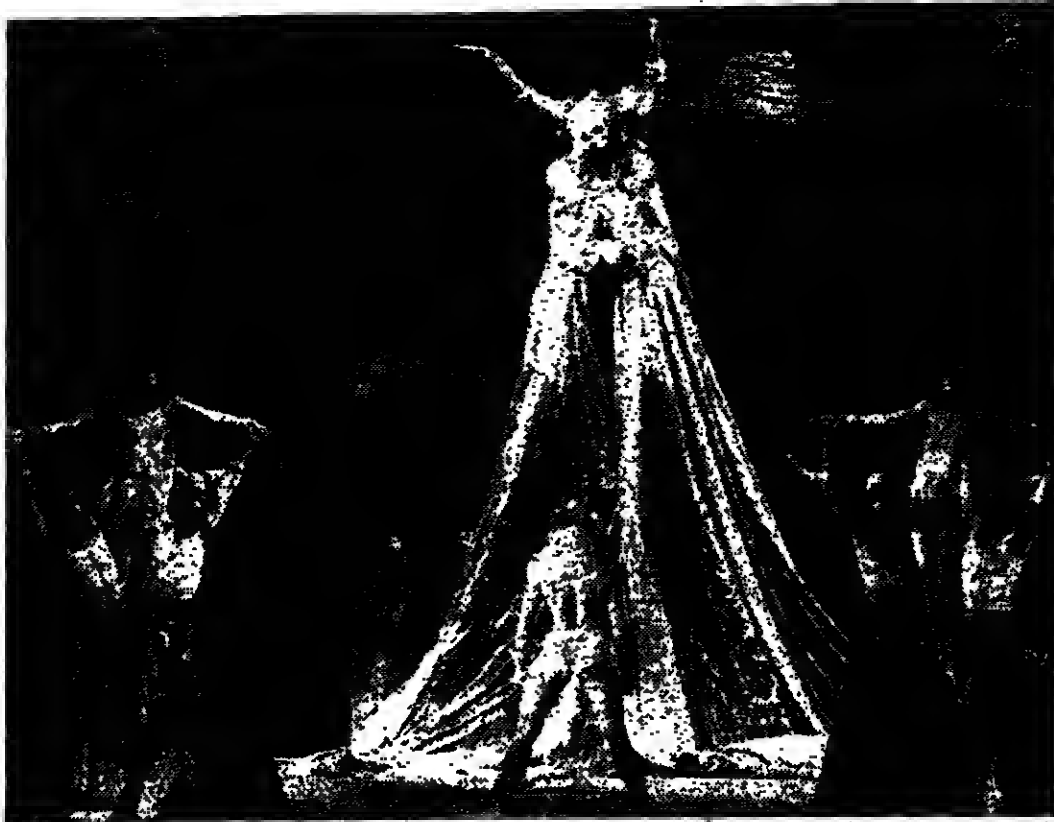
## Some Changes for the Better

No less relevant in quite another way is the former home of Peggy Guggenheim in Venice. No one who says that house in her lifetime will forget it. They remember the first sight of the long low white house on the Grand Canal, with the bronze horse and rider by Marino Marini that faces the water. They remember the great works of 20th-century art that filled almost every room. They remember the deep white sofas in the living room, the faded bed headboard by Alexander Calder, and the easygoing and wonderfully unassuming way in which Peggy Guggenheim welcomed almost anyone who came with anything like a plausible introduction.

Now that the house has been made into a museum and reordered by the Guggenheim Foundation there have necessarily been certain changes. Some are clearly for the better. Many of the paintings have been restored, for instance. Order and tranquility reign in rooms where once a motley crew cackled its way from one cocktail to the next. Venice is not strong in 20th-century art, and the chance of seeing major works by Picasso, Braque, Max Ernst and many another is not to be missed.

But Venetians are hard to please, and those who knew the house in Peggy Guggenheim's day often complain that it has been sterilized almost beyond recognition, that the garden has been tidied up, paved and depersonalized, and that of the inimitable pungency of the former owner nothing remains.

This problem is none the less real for being insoluble, and it is one that every house museum has to face. We hate to lose touch with the dead, but there is a point beyond which the personality of even the most formidable boushoulder cannot be preserved.



The sacrifice of the virgins in Act II of "Moses und Aron."

## 'Moses und Aron' Staged in Munich

By Andrew Clark

International Herald Tribune

MUNICH — The opera festival at the National Theater here provides an international platform each year for one new production of a neglected work, which takes its place alongside the all-star revivals of popular repertoire. This year's choice is Schoenberg's "Moses und Aron," a work that has been underexposed since it was first staged in Zurich in 1957, six years after its composer died.

Part of the problem is that "Moses und Aron" is expensive to stage, the complexity of the score making heavy demands on rehearsal time. In Munich, there have been 109 separate chorus rehearsals. But the main reason for its neglect is that Schoenberg never wrote the music to the third act. Theater managers are reluctant to stage operatic torsos, and attempts to perform a three-act version by setting the text of the last act to other music by Schoenberg have been unsuccessful.

In its two-act form, the opera can still make a great impact on stage, as it contains the core of the message Schoenberg wanted to express. His contrast between Moses, the man of thought and principle, and Aaron, the man of action and pragmatism, illustrates how pure truth is distorted when attempts are made to present it to humans in comprehensible form.

## Search for Symbols

Although this theme has parallels in art and politics, Schoenberg's work remains predominantly religious in character, because it is a concise dramatization of a biblical story about communication between God and humankind. Schoenberg was aware that the popular search for visual symbols of deity was as pervasive and corrupting in the 20th century as in times of ancient Judaism.

Jean-Pierre Ponnelle was to have directed the Munich production, but his illness earlier this year, after

he had completed the stage designs, meant he has not supervised rehearsals. His hand is to be seen in a number of places, particularly in the striking lighting plot, but the main preparation of the production has been the work of Giancarlo del Monaco.

This split parenthood is evident in the weak direction of the chorus and in the limp, static quality of production in the scenes bearing the greatest dramatic potential. As a result, the performance never rises above the level of oratorio-in-costume. The return of the angry Israelites at the start of Act II, for example, is swamped by the labyrinthine, multistory set, which looks like an authentic desert cavern but severely limits its movement.

## Musical Compensation

If the dramatic impact of the production is weak, the musical side offers plenty of compensation. The complexities of the score arise out of Schoenberg's use of the 12-tone technique, the revolutionary method for organizing atonal music that he had mastered by the time he composed "Moses und Aron" between 1920 and 1927.

The choral and orchestral forces of the National Theater rise to challenge with confidence and technical skill. The orchestral contribution under Gerd Albrecht was distinguished by its restraint and clarity, while the difficult musical rhythms, in which spoken word is contrasted with large choral music or matched to oblique and unpredictable instrumental figures, were coherently and spontaneously elucidated.

Wolfgang Reichmann, in the bass speaking role of Moses, and Wolfgang Neumann, in the tenor role of Aaron, give performances of vocal assurance and intense characterization.

The Munich Opera Festival continues through Aug. 3. "Moses und Aron" will be given three further performances at the end of September.

## The Fiction Hero as Writer

By Michiko Kakutani

MELVILLES Pierre broods over his writing, forgoing food and sleep, only to have the manuscript of his book summarily rejected by his publisher. Joyce's Stephen Dedalus tries to write a poem about Parnell on the back of one of his father's moiety notices and dreams of building "a break-water of order and elegance against the sordid tide of life." Mann's Tonio Kröger longs for the day when his poems will impress the lovely Inge Holm, but realizes that, as an artist, he is denied the "life of simple feeling." Wolfe's George Webber wins critical acclaim for writing a novel about his friends and relatives for using their lives in his fiction.

Clearly authors have long been fond of turning writers into heroes and, given the bookish and autobiographical flavor of modern fiction, this impulse has become more pronounced than ever. Few novelists today, after all, can draw upon the sort of adventures that a Conrad or Hemingway had, and so fall back increasingly on the details of their own lives as writers — lives that consist for the most part of sitting in a room, playing with words and sentences.

The result, in recent years, has been an outpouring of novels on the literary vocation. Bernard Malamud examined the problems of a writer in "The Magic Barrel," John Irving's "The Hotel New Hampshire" recounts the adventures of a novelist who writes a book called "The World According to Bessie," and in "The Ghost Writer" Nathan Zuckerman also plagues himself to the "grueling, exalted, transcendent calling," but he soon discovers that fame can be every bit as painful as obscurity. Having realized the same sort of success that Roth achieved with "Portnoy's Complaint," he is appalled to find people mistaking him for his heroes on the street, and he worries that his seriousness has been impaired. Success, he also finds, has cut him off from his own past.

Indeed the portrait of the artist as an established author that emerges from these novels is not a particularly cheerful one. Miles Green in "Mantissa," for instance, likes to think of himself as "a serious modern writer," but his querulous muse puts him down as "a poor, pompous, egotistical, self-indulgent, and just grey portage to you."

Malcolm's Dubin experiences a similar loss of inspiration. Unable to finish his biography of D.H. Lawrence, he tries to vary his daily routine in hopes that the change will stimulate his imagination. He starts taking walks after breakfast, subjects himself to cold showers and reads and rereads his meager mail, but he still feels "like an ant about to eat an oak tree."

As for Henry Bech, "his reputation had grown while his powers declined," and by the time we meet him again in "Bech is Back," he has "all but ceased to write." The students who admire his first book only serve to remind him that his precocious youth is past, and he thinks that his unproductive life — he has been supporting himself by speaking at colleges — "has become nothing but a 'bottomless apology.'"

Then, quite unexpectedly, he finishes a new book, and it becomes a best seller. Vogue magazine declares that "Bech is in," and he is back in the limelight. The author of the hour, everything seems fine, in fact, until a terrible premonition comes to him, one that doubtless occurs to every writer. "Another," says Bech. "I thought I was the only one."

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Elliott Aikman, The New York Times

tic sacrifice and achievement. The prospect of leaving behind one's literary past, of winning parental as well as public respect, of creating something beautiful and true and lasting — these are all part of the young hero's vision. Styron's Stryker, for one, dreams of becoming "a writer with the same ardor and soaring wings of the Melville or the Flaubert or the Tolstoy or the Fitzgerald who had the power to rip my heart out and keep a part of it and who each night, I felt were summoning me, separately and together, to their incomparable vocation."

In "The Ghost Writer" Nathan Zuckerman also plagues himself to the "grueling, exalted, transcendent calling," but he soon discovers that fame can be every bit as painful as obscurity. Having realized the same sort of success that Roth achieved with "Portnoy's Complaint," he is appalled to find people mistaking him for his heroes on the street, and he worries that his seriousness has been impaired. Success, he also finds, has cut him off from his own past.

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Malcolm's Dubin experiences a similar loss of inspiration. Unable to finish his biography of D.H. Lawrence, he tries to vary his daily routine in hopes that the change will stimulate his imagination. He starts taking walks after breakfast, subjects himself to cold showers and reads and rereads his meager mail, but he still feels "like an ant about to eat an oak tree."

As for Henry Bech, "his reputation had grown while his powers declined," and by the time we meet him again in "Bech is Back," he has "all but ceased to write." The students who admire his first book only serve to remind him that his precocious youth is past, and he thinks that his unproductive life — he has been supporting himself by speaking at colleges — "has become nothing but a 'bottomless apology.'"

Then, quite unexpectedly, he finishes a new book, and it becomes a best seller. Vogue magazine declares that "Bech is in," and he is back in the limelight. The author of the hour, everything seems fine, in fact, until a terrible premonition comes to him, one that doubtless occurs to every writer. "Another," says Bech. "I thought I was the only one."

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TUESDAY, JULY 20, 1982

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## BUSINESS BRIEFS

### Mobil Finds Oil off Newfoundland

ST. JOHN'S, Newfoundland — Mobil Oil Canada confirmed Monday that significant amounts of oil and gas were recovered during tests on a new offshore field on Newfoundland's Grand Banks.

The test results from the Nautilus C-92 well brought to four the number of offshore fields in the area with commercial potential, Mobil said. C-92 is nine miles (14.5 kilometers) north of the original Hibernia well, but Mobil said tests indicate that it is part of a different pool of oil.

The Nautilus tests recorded flows equivalent to 2,630 barrels of oil and 2.3 million cubic feet of gas a day at a depth of 10,906 feet (3,325 meters) and 2,101 barrels and 1.9 cubic feet at 10,775 feet. The company said further tests are needed to determine "the commercial significance" of the discoveries.

### IBM Plans \$500-Million Debt Issue

ARMONK, N.Y. — International Business Machines Corp. said Monday that it has filed with the Securities and Exchange Commission for \$500 million of convertible subordinated debentures due in 2007. Proceeds will be used for construction of facilities and for rental equipment, IBM said.

Salomon Brothers Inc. and Merrill Lynch White Weld Capital Markets Group are to be co-managers of the issue.

### Alcoa of Australia Delays Smelter

MELBOURNE — Alcoa of Australia Ltd. has deferred completion of its 1-billion-dollar (\$1.01 billion) aluminum smelter at Portland, Victoria, to around mid-1985 from the original target of late 1983, the company's chairman, Arvi Parbo, said Monday.

Mr. Parbo blamed depressed aluminum prices for the delay and said Alcoa so far has spent about 250 million dollars on the project. He said that talks with the government on how best to ensure that the smelter can be brought into production. Alcoa also will continue to seek partners for the plan. Three Japanese companies last week declined to participate.

Alcoa last week reported that its profit in the first half fell 35 percent from a year earlier to 36.9 million dollars and warned shareholders that second half results would be worse. The company is 51-percent owned by Aluminum Co. of America; other major shareholders are Western Mining Corp. Holdings, B.H. South Ltd. and North Broken Hill Holdings Ltd.

### American Express Unit to Buy Firm

HOUSTON — Fireman's Fund Insurance Co., a subsidiary of American Express Co., disclosed Monday that it has agreed to buy Kaneb Services Inc.'s Arc Automation Group for \$52.5 million in cash.

Arc Automation, through its Agency Record Control subsidiary, provides computer services for insurance agents and brokers. Kaneb, which has interests in energy and engineering, said the sale "is another step in the company's previously announced strategy of divestiture of its financial services subsidiaries."

### Sharp and Olivetti Plan Cooperation

OSAKA, Japan — Sharp Corp. said Monday that it signed an agreement with Olivetti covering technical cooperation in office-automation machines.

The two plan to develop and manufacture high-speed copying machines at an initial rate of 2,000 a month in Japan or Italy, starting this autumn. Sharp is to provide Olivetti with medium- and high-speed facsimile machines, mainly for the European market, leading to joint development of such machines.

### Honda Denies It Seeks Stake in BL

TOKYO — Honda Motor Co. denied Monday a British newspaper report saying the company might take a share in B.L. Ltd. of Britain.

A spokesman for the Japanese automaker said the report, which quoted a Honda vice president, Hideo Sugiyama, must be a mistake. "There has been no such talks in the company, and we do not intend to move towards a joint venture with B.L.," the spokesman said.

Since 1981, the British auto company has been manufacturing a Honda-designed car under license agreement. But Honda has not bought any shares in B.L.

### Ford Considers Portuguese Plant

LONDON — Ford Motor Co. is considering construction of a plant capable of turning out 200,000 vehicles a year at a petrochemical and industrial complex at Sines, south of Lisbon, a Ford spokesman here said Monday.

Details of the proposed investment were not available, as negotiations in progress, but a final decision may be made by year-end, he said. Production would start in late 1986 or early 1987, and the plant would take a car not currently part of Ford's range, the spokesman said.

### Mitsui and British Fund Plan Venture

TOKYO — Mitsui Real Estate Development Co. said Monday that it has agreed with the Post Office Staff Superannuation Fund of Britain on joint overseas real estate investment.

As a first step, the company plans to transfer to the fund part ownership of a building under construction in Tokyo upon completion in October, 1983. The fund in exchange is to transfer to Mitsui an office building in London. Each property is worth at least 5 billion yen (\$19.5 million), Mitsui said. Industry sources said the fund currently has investments in Japan totaling about 44 billion yen, chiefly in securities.

Compiled From Agency Dispatches

## Chrysler Profit Tops Forecasts of Analysts

Compiled by Our Staff From Dispatches

DETROIT — Chrysler Corp. reported Monday a profit of \$106.9 million, or \$1.34 a share, for the second quarter, far above the \$50 million to \$70 million analysts had predicted for the No. 3 U.S. automaker.

The company's chairman, Lee Iacocca, said he expects a modest operating profit for the third quarter.

More company reports. Page 11.

He said, however, that it will be considerably below the \$50 million the company projected earlier this year.

For the year, he predicted that Chrysler will have operating profit of \$150 million. With an extraordinary gain from the sale of the defense division earlier this year, that would bring net income for 1982 to about \$400 million, compared with a loss of \$475.6 million in 1981.

In the first quarter, Chrysler earned about \$149 million, but all of that came from the sale of the defense unit, which erased an operating loss of \$89 million.

Chrysler, which came close to bankruptcy before receiving federal loan guarantees and union concessions, had not been in the black for two quarters in a row for five years.

In the latest quarter, the company earned \$104.3 million on operations and gained \$2.6 million from tax losses. Revenue edged down 0.3 percent to \$2.87 billion.

For the first six months of 1982, Chrysler earned \$256.8 million. Revenue rose 4.5 percent to \$5.36 billion.

"This performance in the midst of the worst automotive depression in history stands as tangible proof of the effectiveness of our pro-

grams to contain costs, improve productivity and increase the efficiency of the company's operations," Mr. Iacocca said in a letter to shareholders.

The automaker said it has improved its financial position "substantially" and had more than \$1 billion in cash and securities on hand.

Chrysler sold 196,938 cars in the second quarter, down about 3 percent from a year earlier. For the half, unit sales were down 14 percent.

Chrysler opens negotiations with the United Auto Workers this week on a new contract.

The UAW, whose members at Chrysler receive \$2 to \$3 an hour less in pay and benefits than workers at GM and Ford, has said it wants to begin erasing that differential.

Mr. Iacocca also said at a press conference that Chrysler is negotiating with a group of banks for the sale of about \$300 million of receivables by its Chrysler Financial Corp. subsidiary.

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## U.S. Executives Are Losing Faith In Reagan Policy

By Martin Baron

Los Angeles Times Service

LOS ANGELES — U.S. business leaders, fearful that the coveted economic recovery may prove barely measurable, are expressing increasing unease about the Reagan administration's economic program.

Although many business officials share the president's philosophical inclination and continue to preach further patience with his efforts, many also are urging Mr. Reagan to pare projected deficits by postponing the third year of his program of income tax cuts and restraining defense spending.

Executives generally acknowledge that expectations — both the administration's and their own — were unduly optimistic about the president's initial economic strategy and prospects for a recovery in this year's second half.

Down With Ideology

Many business leaders advise the president and his aides to be less ideological and more flexible.

The worry about Mr. Reagan's economic policies is in sharp contrast to the views expressed as recently as January when, despite the deepening recession, businessmen generally endorsed the administration's efforts.

Today business leaders are becoming increasingly critical of the Federal Reserve Board for maintaining what they view as a tight grip on the money supply. Troubled by the persistence of high interest rates, some executives suggest that Mr. Reagan exert heavy pressure on the Federal Reserve to ease up.

Although agreeing with the "basic objectives" of the Reagan program, Chase Manhattan Bank's chairman, Willard C. Butcher, said that "continued steps are needed to curb government deficits" and that the Federal Reserve should be "more sensitive to the level of interest rates."

The call for Mr. Reagan to be more flexible in his policies comes when the president continues to signal through aides that he will generally keep to his course on tax cuts and defense spending while declining to put any intense pressure on the Fed.

The president can still draw on a deep well of business support. Many executives continue to believe the administration's efforts need more time to work, that the current 9.5-percent unemployment rate is a painful symptom of an economy withdrawing from its inflation fix.

"Do I still have faith? Yes, I do. How long will I have the faith? I don't know," said Donald Schwenke



Willard C. Butcher

of Milwaukee, president of Northwestern Mutual Life Insurance Co.

Paul Thayer, chairman of Dallas-based LTV Corp., said, "It is not reasonable to assume that after three decades of mismanagement and abuse by both Republicans and Democrats at the Washington level, you can turn the country around in a matter of a few months... or a year and a half."

But other executives argue that the administration relied on flawed premises in its pursuit of supply-side economics. The notion that industries could be induced solely through tax policy to expand their plants was "unrealistic," said George Keller, chairman of Standard Oil Co. of California.

"We're utilizing, depending on the [business] field, 50 percent to 75 percent of existing capacity.... Capacity is coming out of everybody's ears.... With so much excess capacity, companies have little desire to build factories, whatever the tax situation."

Many executives believe federal spending deficits for the next few years need to be smaller than currently projected, and a growing number of businessmen

(Continued on Page 9, Col. 1)

## Fed Cuts Discount Rate; 2 Banks Lower Prime

Compiled by Our Staff From Dispatches

WASHINGTON — The Federal Reserve Board Monday reduced its discount rate, at which it lends to member banks, to 11½ percent from 12 percent. Earlier two major banks cut their prime rate by a half percent to 16 percent.

The Fed move, which is effective Tuesday, was adopted by a vote of

Straight dollar Eurobonds surged as the dollar weakened. Page 9.

5-to-0, with governors Lyle Gramley and Henry Wallich absent.

The Fed said, "The action was taken in the context of recent declines in short-term market rates and the relatively restrained growth of money and credit in recent months."

The two banks that cut their prime rates — Manufacturers Hanover Trust of New York and First National Bank of Chicago — cited a decline in the cost of funds and an easing of credit by the Fed.

A smaller New York bank, UMB Bank & Trust, also lowered its lending charge for its most creditworthy customers. The small Southwest Bank of St. Louis took similar action a week ago.

It was the first change in the prime rate by a major U.S. bank in more than a month. Manufacturers Hanover is ranked fourth in the United States by deposits, and First National Bank of Chicago is ranked eighth.

Short-term interest rates began falling last week following moves by the Federal Reserve to inject reserves into the banking system, credit analysts said. A key indicator of the cost of reserves, the federal funds rate — the fee on overnight loans among banks — fell to 12 percent Monday from 12½ percent late Friday and more than 13 percent earlier last week.

Volcker to Reveal Targets

The Fed's injection of reserves came as the nation's basic money supply remained within growth targets set by the central bank. That led analysts to believe that the Fed would not have to tighten its grip on credit further, which would put upward pressure on interest rates.

The Fed has been under pressure to cut the discount rate — last changed Dec. 3, 1981, to 12 percent from 13 percent.

Fed Chairman Paul A. Volcker, who appears before the Senate Banking Committee Tuesday, is expected to reaffirm the central bank's existing monetary growth targets.

In doing so, he is expected to hold to a middle course between critics who say Fed policy has been too easy and those who say its tightness has choked economic activity.

Mr. Volcker will advise Con-

gress of targets for second half of 1982 and tentatively for 1983 in his regular semiannual appearance.

Mr. Volcker's argument against tightening credit has been considerably strengthened by the recent behavior of the key M-1 aggregate, targeted to grow by between 2½ percent and 5½ percent in 1982.

After running above target until the last week of June, M-1 is \$500 million within the upper level of the desired range even after the \$5.9 billion increase reported Friday for the first week of July.

Prepared Ground

Mr. Volcker had prepared the ground for a possible overshoot of the 1982 goal by saying, while M-1 was running above target, that the Fed was satisfied with its level.

He argued that a large part of M-1's growth represented precautionary shifts into interest-bearing checking accounts because of a greater desire for liquidity amid

the uncertain economic environment.

His statements aroused speculation that the Fed would raise the upper target level or increase the base level from which M-1 growth would be measured, to compensate for last year's undershooting of the M-1 target.

But M-1's precipitous \$9.6-billion decline in the last three weeks of June has eliminated such speculation.

Few expect a precipitous decline in short-term rates such as the one that occurred during April-June of 1980 when Treasury bill rates fell to less than 7 percent from 15 or 16 percent and long-term Treasury bond yields dropped below 10 percent.

For the most part, analysts are convinced that the Fed would not push rates that low, because such a policy would require it to pump so much money into the economy that it could revive inflationary expectations.

## N.Y. Stock Prices Post Small Decline

Compiled by Our Staff From Dispatches

NEW YORK — Prices on the New York Stock Exchange closed lower Monday, reversing earlier gains, as the weakness in the economy overshadowed news of a drop in the prime rate. A cut in the Federal Reserve's discount rate came too late in the day to boost the market.

The Dow Jones Industrial average climbed 3½ points in early trading but started to pull back at midday. It closed with a decline of 2.57 points, to 826.1. Declines edged advances by about 715 to 700, and volume slipped to 53 million shares from the 58.7 million traded Friday.

Earlier, hopes for lower U.S. interest rates pushed up stock prices in Tokyo and London Monday.

In Tokyo, share prices closed sharply higher, with sentiment encouraged by lower U.S. interest rates and the yen's upturn against the dollar, dealers said.

The market average rose 61.91 to 7,237.80. The dollar had dropped to 253.48 yen from 256.38.

In London, stocks prices surged, stimulated by the collapse of the two-week train driver strike, a very strong pound and falling U.S. interest rates, dealers said.

The Financial Times industrial index closed at 569.6, up from Friday's finish at 556.7.

But in New York, where the Dow average had climbed 31.68 points since July 2, many traders were not convinced a summer rally had emerged and were cashing in on their profits.

Pushing down prices was the Commerce Department report that housing starts in June plunged 15.3 percent following a 21.9 percent climb in May. The report indicated the economy is still sluggish.

Some second-quarter earnings reports were worse than expected and that disturbed some traders.

Transportation stocks, whose performance is closely tied to the economy, were among the weaker issues. The Dow Jones transportation average fell 4.79 points, to 317.90.

Losers in the group included Delta Air, off ½ to 32½; American Airlines, down ¼ to 16½; and Burlington Northern, off 3¼ to 37½. Burlington reported sharply lower operating earnings.

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### CURRENCY RATES

Interbank exchange rates for July 19, excluding bank charges.

	\$	£	D.M.	F.F.	Y.	S.F.	S.P.	D.K.
Amsterdam	2.719	4.732	118.335	29.62	1.774	5.793	72.77	31.91
Brussels	46.94	61.82	19.54	4.84	1.727	5.793	22.41	5.52
Frankfurt	2.44	4.732	118.335	29.62	1.774	5.793	72.77	31.91
London	1.74	—	2.298	11.845	2.777	4.708	61.28	3.62
Madrid	1.74	—	2.298	11.845	2.777	4.708	61.28	3.62
New York	1.00	—	1.00	—	—	—	—	—
Paris	6.861	24.64	278.34	—	—	—	—	—
Rome	2.072	3.653	84.975	—	—	—	—	—
Stockholm	1.813	—	2.298	11.845	2.777	4.708	61.28	3.62
Switzerland	1.925	—	2.298	11.845	2.777	4.708	61.28	3.62

	\$	£	D.M.	F.F.	Y.	S.F.	S.P.	D.K.
Amsterdam	2.719	4.732	118.335	29.62	1.774	5.793	72.77	31.91
Brussels	46.94	61.82	19.54	4.84	1.727	5.793	22.41	5.52
Frankfurt	2.44	4.732	118.335	29.62	1.774	5.793	72.77	31.91
London	1.74	—	2.298	11.845	2.777	4.708	61.28	3.62
Madrid	1.74	—	2.298	11.845	2.777	4.708	61.28	3.62
New York	1.00	—	1.00	—	—	—	—	—
Paris	6.861	24.64	278.34	—	—	—	—	—
Rome	2.072	3.653	84.975	—	—	—	—	—
Stockholm	1.813	—	2.298	11.845	2.777	4.708	61.28	3.62
Switzerland	1.925	—	2.298	11.845	2.777	4.708	61.28	3.62

(\*) Commercial bank, (c) Amounts needed to buy one pound, (c) Units of 100, (c) Units of 1,000.

## EXXON CORPORATION

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No 263







# Scandal, Failure and Defaults Strain Confidence in the World Banking System

By Robert A. Bennett  
New York Times Service

NEW YORK — Isolated incidents over the past few weeks have shaken faith in the world banking system, and many bankers fear that this erosion of confidence could be far more serious than the incidents themselves.

Confidence is the core of banking. Even the strongest bank could not survive without it. And that is true as well for the entire banking system, the bankers say.

"The atmosphere is sort of fragile," said John R. Petty, president of Marine Midland.

The latest blow to confidence was the failure late last week of the Luxembourg subsidiary of Banco Ambrosiano, Italy's largest private bank, to meet a payment due to a group of international banks. This set off a so-called cross-default provisions in millions of dollars of other loans that international banks had made to the Luxembourg subsidiary.

Banco Ambrosiano itself is in trouble. Its president, Roberto Calvi, disappeared last month and later was found hanging from a London bridge. The Italian government has indicated that it will stand behind the parent bank, but it is unclear whether it will back the subsidiary.

The Banco Ambrosiano default came on the heels of the failure of Penn Square Bank of Oklahoma City, a relatively small bank with assets of about \$500 million. But large U.S. banks have lost hundreds of millions of dollars as a result of their dealings with Penn Square.

Among them was Continental Illinois National Bank & Trust Co. of Chicago, the seventh-largest U.S. bank, which might have lost more than \$200 million. Seafirst Corp., the largest banking company in Washington State, has said it expects to lose at least \$125 million and last week announced that it had laid off more than 400 employees in a move to cut costs.

The Penn Square situation was particularly unsettling because about \$250 million of its deposits were not insured. Most of the uninsured deposits were held by other financial institutions, mainly credit unions.

In mid-May, Chase Manhattan Bank lost an estimated \$270 million as a result of its dealings with Drysdale Government Securities

Inc., an obscure firm that was shunned by most other large banks. Chase also was involved with Penn Square Bank, but its losses are believed to have been far smaller than Continental's.

## The Dome Problem

In addition, most of Canada's largest banks are expected to sustain heavy losses from loans they have made to Dome Petroleum, which is in serious financial trouble. Several of these banks have loaned Dome 25 to 50 percent of their capital accounts.

However, despite the headlines, none of these incidents has been big enough to have a significant effect on the world banking system.

Italy, through government-owned banks, is standing behind Banco Ambrosiano, whose failure could have serious consequences for banks around the world. A large part of most banks' business is placing money on deposit in other banks. Thus, if one bank fails, many others may have losses.

If Banco Ambrosiano, itself, were permitted to fail, the repercussions could be great. But bankers say that its Luxembourg subsidiary is too small to have a serious impact on the banking system, even if no government were to

help it out. But even that is considered by some bankers to be unlikely. The Italian government, they say, has been applying pressure on the Vatican to support Banco Ambrosiano's Luxembourg subsidiary, in which the Vatican is believed to have a substantial interest.

In the Penn Square and Drysdale cases, too, the losses have been painful for the major banks, but they certainly have not been big enough to weaken significantly their basic financial positions. The situation at Seafirst appears to be more serious, but bank analysts appear confident that it, too, can withstand the loss.

## Fund Costs Rise

These incidents have emerged in an economic environment conducive to gloom. The worldwide recession has caused a sharp rise in bankruptcies, and most banks have been reporting rising loan losses.

The result has been a decline in confidence in the banking system. An example was the run last week on Abilene National Bank in Texas. Depositors withdrew about \$50 million of their funds from the bank, whose deposits totaled \$428 million, following a newspaper ar-

ticle that compared the Abilene bank with Penn Square.

Bankers say there have been more subtle, and perhaps more important, signs of uneasiness about banks.

One, for example, has been a substantial increase in the differential between the interest rates that banks must pay for their funds and the interest rates that the government must pay for its funds. When individuals or corporations begin to lose confidence in the banking system, they usually shift their money from the banks to government securities. When that happens, interest rates on Treasury bills generally decline and the rates banks pay for their funds, such as on certificates of deposit, go up.

There has been a sharp rise in this differential since mid-May. On May 17, the day before the Drysdale affair became known, banks were paying 13.90 percent on three-month certificates of deposit, while the government was paying 12.25 percent on three-month Treasury bills. This was a difference of 165 basis points (hundredths of a percentage point).

By the end of May, the differential rose to 190 basis points, and by July 13, following the

Penn Square failure, it soared to 240. In a business that counts profits in terms of 25 and 50 basis points, the full percentage point broadening of the certificate of deposit-Treasury differential is considered highly significant.

The decline in confidence is apparent elsewhere, as well. Smaller banks are having increasing difficulty in attracting money from other banks and big corporations. And even some giant banks that have been involved in the recent scandals are having to pay more for their money than other banks, according to market reports.

Despite the problems, some bankers believe the situation is under control. "I don't think it's precarious," said Harry Taylor, president of Manufacturers Hanover Corp., the fourth-largest U.S. banking organization. "The mere fact that we perceive the potential problems and that the world's central bankers are cooperating gives me confidence."

At Citibank, Lawrence R. Glenn, chairman of the banking industry, in general, is more sanguine and more thoughtful, and more controlled than it's given credit for. That's hard to say today, but it's true.

## G&L Backs AMCA Bid Totalling \$300 Million

Compiled by Our Staff From Dispatches

FOND DU LAC, Wis. — AMCA International Ltd. of Montreal has increased to \$300 million from \$25 million the offer for Giddings & Lewis Inc. common shares, and G&L directors have endorsed the proposal, the two companies said Monday.

Under the plan, AMCA is to pay about \$300 million for the 95.3 percent of Giddings that it does not already own.

The two said G&L already has granted AMCA an option to buy 1.9 million of the company's 10.5 million shares outstanding. They have also agreed that, after the tender offer, scheduled to expire Aug. 2, there will be a merger in which shares of G&L common not then

owned by AMCA will be converted into \$30 cash.

Last week, directors of Fond du Lac-based G&L rejected the \$25 offer, saying it was too low.

"The G&L board of directors has considered the increased offer thoroughly and has unanimously determined it is in the best interest of our shareholders," said Frank W. Jones, president and chief executive officer of the machine tool maker. AMCA sells steel-based products to industrial customers.

"We are pleased to report that G&L will continue to operate as a separate company under the Giddings & Lewis name with its present management and at its existing locations," Kenneth S. Barclay, AMCA chairman and chief executive, and Mr. Jones said in the joint announcement.



Kenneth Barclay

George J. Becker, G&L's chairman, is to be elected to the AMCA board under the proposal, Mr. Barclay said.

## Shipping Rule In Indonesia Draws Protest

Reuters

JAKARTA — Ten European countries will make a joint protest to Indonesia Tuesday about a new policy requiring all government cargoes to be shipped in Indonesian vessels, diplomatic sources said Monday.

A draft note to be hand-delivered to the Foreign Affairs Ministry says the policy "constitutes a significant departure from the principle of equal treatment on which commercial shipping relations with the government of the Republic of Indonesia have traditionally been based."

West Germany, the Netherlands, Italy, Britain, Denmark, Sweden, Belgium, Finland, Greece and Norway will be a party to the joint protest, the sources said. Japan made its own written protest to Jakarta about two weeks ago, and the United States sent a blunt note in early June describing the policy, Presidential Decree No. 18, as "blatant flag discrimination."

The sources said France was invited to join the protest, but the French embassy in Jakarta said it had received no instructions from Paris on the subject.

The policy also has drawn protest from foreign shippers, who say they stand to lose millions of dollars of business. Under the policy, all government export and import commodities must be carried by vessels operated by Indonesian shippers. These commodities include imports financed by the state budget, including items paid for by foreign aid, as well as commodities owned by state-run commercial bodies.

It is still not clear what the government intends to do with shipments by the state oil company, Pertamina.

West German and Scandinavian lines are the main shippers to Indonesia from Europe, accounting for more than 40 percent of the cargoes.

## Straight Dollar Eurobonds Post Sharp Gains

Compiled by Our Staff From Dispatches

LONDON — Prices on fixed-interest dollar-denominated Eurobonds were sharply higher Monday in fairly active trading, following news of Friday's lower than expected increase in the U.S. money supply.

Dealers said prices of seasoned issues opened as much as ¼ point firmer. Later, there was considerable buying, and prices rose as much as a full point.

Prices were also higher in other sectors of the Eurobond market as dealers were also higher, dealers

said. Japanese convertibles were generally two or three points firmer as share values surged on the Tokyo exchange.

Eurodollar deposit rates eased in active trading to close sharply lower, and dealers said that the market believes U.S. rates will decline further.

Three-month Eurodollars closed at 13½ percent, compared with Friday's 14½.

Dealers said the World Bank was expected to launch a new bond issue soon. They said the speculation was fueled by news

that World Bank Treasurer Eugene Rotberg said Friday that the bank is considering making a dollar-denominated issue within the next few days either in Europe or the United States.

Among new issues, the Dutch guilders sector was busy Monday.

Amsterdam-Rotterdam Bank said it will issue a 75-million-guilder, five-year Eurobond. The notes, which will bear a 10-percent coupon, are expected to be priced at par.

The National Investorsbank is planning a 100-million-guilder, 10-year bond, joint syndicate leader, Algemeene Bank Nederland said. The issue, yielding 11 percent, will be priced July 26.

The Canadian province of New Brunswick will raise \$75 million with a five-year Eurobond, lead manager Credit Suisse First Boston said.

The issue will carry a 15½ percent coupon and will be priced at par.

## Decline in Prime Rate Pulls Down the Dollar

Compiled by Our Staff From Dispatches

LONDON — The U.S. dollar slumped against major European currencies Monday, pushed down by the decision of some major U.S. banks to cut their prime lending rates.

Dealers said they expected U.S. other key U.S. interest rates to decline. Many expect the Federal Reserve to soon cut its discount rate, the fee on loans to member banks, from the current level of 12 percent, where it has stood since the end of last year.

In New York, federal funds traded early Monday at 12½, down from Friday's average of 12.64 percent. High U.S. interest rates have bolstered the dollar for months.

Some dealers said they expected the dollar to bounce back, however, and noted that the U.S. currency already was being bought in New York as European markets closed. Trading in New York was light.

The pound gained two cents to finish in London at \$1.7400, compared with \$1.7200 on Friday. The pound was buoyed by the end of a two-week nationwide rail strike.

Other late dollar rates in Europe compared with Friday were: 2.4640 Deutsche marks, down from 2.4860; 2.0920 Swiss francs,

down from 2.1035; 6.8625 French francs, down from 6.8850, and 2.7225 Dutch guilders, down from 2.7413.

The dollar also lost ground in Tokyo, where it closed at 253.60 yen, against 256.25 on Friday.

In London, gold advanced to \$346.50 an ounce late Monday from \$345.75 Friday. The \$350 mark, reached only once in the past three weeks, "is a major psychological hurdle, and we may have just below it for a while," said one dealer.

## Roche Sales Declined By 2% in the First Half

Reuters

BASEL, Switzerland — Sales of the F. Hoffmann La Roche/Sapac Group fell 2 percent to 3.39 billion Swiss francs (\$1.6 billion) in the first half of 1982 from the first half of last year, the parent company said Monday.

In local currencies, however, sales rose 18.6 percent compared with an increase of 16 percent a year ago. This shows exchange rate influences on the Swiss franc in the first half of this year were larger than in the first six months of 1981, the company said.

## Executives Losing Faith in Reagan

(Continued from Page 7)

sieve the Reagan administration in only achieve that by reducing aid for defense spending.

Business leaders also say they sieve the administration will have to cut back on the country's fiscal sacred cows, including Social Security, Sanford Weill, chief executive of the Shearson/American Express Inc. stock brokerage, argued that Social Security benefits should not go to those who have sufficient income to do without them.

"I think we avoided a lot of political problems in the budget," Mr. Weill said. "We didn't really face the entitlements program." Such issues are likely to be faced after the congressional election in November, he said.

Indeed, several executives suggested that it may be wise to wait until after the election to deal with such tough issues as postponement of the next round of individual tax cuts, slower defense spending growth and a possible gasoline tax.

## Recovery, Not Inflation

Donald Kendall, chief executive of PepsiCo Inc., said Congress should "wait till after the election so we can get some real cuts" in federal programs.

Edward G. Jefferson, chairman of Wilmington, Del.-based Du Pont Co., said he has long believed that it is time "to address ourselves not to inflation, but to recovery."

To achieve a recovery of any significance, businessmen say, interest rates must fall. And many believe the Fed has kept rates high by being too rigid and tight in its

monetary policy. They contend that the Fed could loosen up without touching off renewed inflation.

Some executives, meanwhile, have argued that the president should lean on the Fed to ease up. Joseph Rensch, president of Pacific Lighting Corp. of Los Angeles, said Mr. Reagan "ought to be more aggressive" and do some "real heavy jawboning."

## Delayed Payoff

Although some executives say they see modest signs of a recovery in their businesses and the economy in general, few expect the turnaround to be particularly impressive.

While noting that there are "modest indications" of a recovery, BankAmerica Corp.'s chairman, Leland B. Ross, said the "odds are rising" that U.S. output will continue to decline.

Said Lewis Lehr, chief executive of Minnesota Mining & Manufacturing Co.: "I believe we've seen the worst of this recession. I don't

think we're going to get a quick upswing. I think it will be slow and gradual."

A number of executives said some of the elements of the Reagan program need more time to show results. John Young, chief executive of Hewlett-Packard Co. of Palo Alto, Calif., said a 15-percent rise in spending last year on research and development was one result of Mr. Reagan's emphasis on business incentives.

"The payoff isn't going to happen for quite a few years," Mr. Young said. "You can at least point to a few areas...where very good things are happening."

## OPEC Output Up, Trade Paper Says

Reuters

LONDON — A decline in OPEC oil output stopped during April and production has since climbed steadily to at least 18.2 million barrels a day in June, Petroleum Intelligence Weekly said Monday.

The New York trade newsletter said output by OPEC slumped to 16.3 million barrels a day in April. In 1979, before the recession, energy conservation and a downturn of oil company stocks hit demand, OPEC crude output went up to around 32 million barrels a day.

PIW said that after the April low, OPEC production revived to 16.7 million barrels a day in May and that latest estimates for June showed it up to at least 18.2 million barrels a day.

## Retail Sales in Britain Climbed 1.1% in June

Reuters

LONDON — Retail sales climbed 1.1 percent higher in June after little change in May, provisional Trade Department figures showed Monday.

A Trade Department spokesman said sales activity was slightly higher than in May, perhaps because of traditional summer discounting.

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هكذا من الأهل



## Monday's AMEX Closing Prices

Tables include the nationwide prices up to the closing on Wall Street

[illegible]

# Oil & Money Conference

[illegible][illegible]

**DETROIT**—An auto industry trade journal reported Monday that a Japanese truckmaker now distributing in Canada is one of two Japanese companies which may enter the U.S. medium-duty truck market by the mid-1980s.

Nissan also may enter the medical device market, according to a report by W.D. Grinnell & Co., a Japanese technology news service. The report says that Nissan has 40 investments for strategic reasons, many of which are being sold in order to repay debt or increase working capital.

The number of mergers in the beverage plant and food processing industries in the U.S. rose 10% in 1987, according to the U.S. Department of Commerce. The number of mergers in the construction, mining and

field in the U.S., the journal said. Ward's said it was told by officials of the truck division of Eaton Corp. that the Japanese producers already have field teams exploring the U.S. market.

**The third annual International Herald Tribune/Oil Daily conference on "Oil and Money in the Eighties," will take place September 20 and 21 at the Intercontinental Hotel in London.**

**Sheikh Ali Khalifa al-Sabah**, the Kuwaiti Oil Minister, will head a distinguished group of speakers to include: U.S. Senate Energy Committee Chairman **James McClure**; The Right Honorable **Hamish Gray**, M.P., U.K. Minister of State for Energy; His Excellency **Abdullah Tayeh**, Governor, Petroleum; **James Akins**, former U.S. Ambassador to Saudi Arabia, and by satellite hook-up, the U.S. Secretary of the Treasury, **Donald T. Regan**.

For further information, please contact the International Herald Tribune Conference Office, 181 avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France. Telephone: 747.12.65, ext.: 301. Telex: 612832.

An interim dividend of 7 F per share was paid on February 1st, 1982. The balance of 9 F per share will be paid on or about the July 5th, 1982 against coupon N° 34.

Mr. Jacques Mercier.  
Mr. Frédéric Chandon de Briailles informed the meeting that he intended to resign as Chairman and asked the Board to consider appointing Mr. Alain [illegible] as Vice Chairman and Managing

In a meeting held after the AGM, the Board of Directors expressed regrets at Mr. Frédéric Chandon de Briailles' decision and thanked him for his leadership of the group over the past six years. The Board then appointed Mr. Alain Chevalier as Chairman of Moët-Hennessy.

The Board also reappointed Mr. Alain de Pracomtal as Managing Director. Lastly, the Board appointed Mr. Kilian Hennessy as President and Mr. Frédéric Chandon de Briailles et al. as Vice-President.

"The Annual Report which is available in both French and English can be obtained from the company's registered office at 30 Avenue Hoche, 75008 Paris."

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[illegible]

مَكْذُومٌ مِنَ الْأَهْلِ



Williams  
1982 1991

Company	1982	1983	1984
General	187	193	195
2nd Quarter	182	191	195
3rd Quarter	182	191	195
4th Quarter	182	191	195
5th Quarter	182	191	195
6th Quarter	182	191	195
7th Quarter	182	191	195
8th Quarter	182	191	195
9th Quarter	182	191	195
10th Quarter	182	191	195
11th Quarter	182	191	195
12th Quarter	182	191	195
13th Quarter	182	191	195
14th Quarter	182	191	195
15th Quarter	182	191	195
16th Quarter	182	191	195
17th Quarter	182	191	195
18th Quarter	182	191	195
19th Quarter	182	191	195
20th Quarter	182	191	195
21st Quarter	182	191	195
22nd Quarter	182	191	195
23rd Quarter	182	191	195
24th Quarter	182	191	195
25th Quarter	182	191	195
26th Quarter	182	191	195
27th Quarter	182	191	195
28th Quarter	182	191	195
29th Quarter	182	191	195
30th Quarter	182	191	195
31st Quarter	182	191	195
32nd Quarter	182	191	195
33rd Quarter	182	191	195
34th Quarter	182	191	195
35th Quarter	182	191	195
36th Quarter	182	191	195
37th Quarter	182	191	195
38th Quarter	182	191	195
39th Quarter	182	191	195
40th Quarter	182	191	195
41st Quarter	182	191	195
42nd Quarter	182	191	195
43rd Quarter	182	191	195
44th Quarter	182	191	195
45th Quarter	182	191	195
46th Quarter	182	191	195
47th Quarter	182	191	195
48th Quarter	182	191	195
49th Quarter	182	191	195
50th Quarter	182	191	195
51st Quarter	182	191	195
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62nd Quarter	182	191	195
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66th Quarter	182	191	195
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69th Quarter	182	191	195
70th Quarter	182	191	195
71st Quarter	182	191	195
72nd Quarter	182	191	195
73rd Quarter	182	191	195
74th Quarter	182	191	195
75th Quarter	182	191	195
76th Quarter	182	191	195
77th Quarter	182	191	195
78th Quarter	182	191	195
79th Quarter	182	191	195
80th Quarter	182	191	195
81st Quarter	182	191	195
82nd Quarter	182	191	195
83rd Quarter	182	191	195
84th Quarter	182	191	195
85th Quarter	182	191	195
86th Quarter	182	191	195
87th Quarter	182	191	195
88th Quarter	182	191	195
89th Quarter	182	191	195
90th Quarter	182	191	195
91st Quarter	182	191	195
92nd Quarter	182	191	195

[illegible]

Isia Mar	231	231
Isido	772	765
Isle	212	212
Kayo El Pwr	835	848
Kayo Morina	446	443
Kay	359	339
Kay	312	301
Kay Kaya	320	320
Kaya	898	869
Kaichu	317	320
W Index : 535.79		
envis : 531.25		
Index-DJ Index : 7,227.88		
envis : 7,175.89		
<b>Zurich</b>		
zuisse	433	434
ZL	3,265	3,300
Zovari	645	848
Zohrie	1,075	1,075
Za Gelay	1,230	1,220
Zutse	1,620	1,625
Zakrowan	2,270	2,240
Zher	400	405
Zi Roche B	5,570	5,725

airford	5,400	5,250
airline	1,105	1,075
airline Grr	790	795
airline	3,240	3,230
airline	3,550	3,550
airline	294	295
airline	1,470	1,470
airline	1,650	1,600
airline	642	640
airline	2,100	2,100
airline	2,440	2,420
airline	1,400	1,475
airline	1,274.00	
airline	1,270.00	

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 1179 00.  
 56 72 10.  
 C. WEISSBARD Escort Ser.  
 1-520184  
 75.  
 Charming Vienna Escort.  
 16203.  
 CLAREN ESCORT Service.  
 01662  
 DAME DOMINIA ESCORT  
 022/31 95 09  
 DOMINIA Escort Service.  
 0797  
 DPAZ ESCORT AGENCY.  
 2894.  
 ESTRENA Escort Service.  
 195 09.  
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from these yields. Furthermore, the liquidation of the government securities accounts the government to accumulate the discounts during such intervals, from which a new bull market emerges. The IOG fund (which we manage on behalf of clients) moved ahead more than 20 percent during this formative period because we started with shorted-term media such as livestock shares acquired at last December's auction. The next move was into commodities when Advanced Micro Devices was \$17 and, later, when Commodore International was \$23, Motorola was \$50 and NOR was \$11. We also began buying U.S. Treasury Bonds near the \$37 level where they were recommended with all chart coverage in reports of last February — warning at the time

deotex — heading from scratch to multi-\$billions in revenues. Participants in new growth eruptions, ranging through the alphabet from Amdahl, Black and Commodore to Tandy, Wang and Zenith, are covered in weekly Equity growth reports — available on an introductory basis without cost or

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experience in field of irrigation  
to organize and execute installa-  
tions. Will be required to work  
under direct supervision.

Argentina	1,162	1,140	New York	83.25	83.75	R.T.Z.
Brazil	3,320	3,330	Shaw Bros	20.50	20.00	Shell
Canada	1,905	1,865	SHK Property	7.20	7.20	Stano
Com Elec	-2,450	2,460	Sims Dony	N.Q.	N.Q.	Tarte
France	2,430	2,416	Shaw	3.60	3.60	Tecson
Germany			Swing Pacific	11.70	11.70	Th.T.H.
Index; 191.00			Swing Profit	7.15	7.15	Thomson
Index; 199.04			Wheelock	5.90	5.90	Thomson
			Wheel Mar	N.Q.	4.60	Thomson
			Winser	3.25	3.25	Thi Gr
			World Int	3.65	3.65	Uphor

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1	10	90
2	20	80
3	30	70
4	40	60
5	50	50
6	60	40
7	70	30
8	80	20
9	85	15
10	90	10

4.62	3.95	Telchellin	597.00	596.00
4.09	3.94	AMA Pennor	39.50	39.50
4.57	3.97	Motl Henn	754.00	748.00
1.76	1.77	Moxline	53.70	54.00
0.74	0.71%	North-Est	43.00	43.00
1.29	1.28	Occidentale	400.00	407.00
4.16	4.25	Oreol (L)	862.00	863.00
1.20	1.18	Pernod Ric	370.00	370.00
1.20	0.80	Petrolres Fsc	108.00	110.00
1.85	1.80	Purolcol	138.00	140.00

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Figure 1. Schematic representation of the experimental design. The subjects were divided into two groups: the control group and the experimental group. The control group was divided into two subgroups: the control group and the experimental group. The experimental group was divided into two subgroups: the control group and the experimental group. The control group was divided into two subgroups: the control group and the experimental group. The experimental group was divided into two subgroups: the control group and the experimental group.

Woodside Pwtl	0.66	0.66	Bt Boveri	545	540
Wormoid	2.43	2.43	Bschrile	1,070	1,075
ALL antinutrients index : 450.30			Ciba Gately	1,230	1,220
Previous : 454.00			Cr Suisse	1,625	
			Electrowatt	2,270	2,240
			Fisher	400	405
			Half-Roche B	5,750	5,725
			Interfood	5,600	5,600
			Jelvan	1,285	1,295
			Landis Gyr	790	795
			Martile	1,740	1,730

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EXPECTING COMPANY?

J. F. Sullivan

I DON'T KNOW... I'LL ASK HER.

YOUNG FFEESHEE

A cartoon by Hope Walker. On the left, a man in a suit and tie stands and asks, "CAN WE COME TO SOME SORT OF AGREEMENT?". On the right, a group of people are seated at a long table. They are depicted in a state of extreme chaos and anger, with several individuals raising their fists in the air. The scene is filled with motion lines and stars, suggesting a noisy, tumultuous environment. The signature "HOPE WALKER" is visible in the bottom left corner of the cartoon.

NOT TRUE! MY  
UNCLE HAROLD  
ONCE JOINED  
A COMPOST  
HEAP!

WELL, SURE  
THERE ARE  
A FEW  
ISOLATED  
EXCEPTIONS



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\* WHY DID YA HAVE TO BRING UP HUMPTY  
DUMPTY AT A TIME LIKE THIS? \*

1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 26







## ART BUCHWALD Rx for Bracket Creep: 2 Aspirin, No Bonuses

WASHINGTON — Heidi Schulz wasn't feeling well so she went to see her family accountant.

"What's the trouble, Heidi?" her CPA asked her.

"I worked all week, and then to earn more money I worked overtime, and I have less to show for it than I did before."

The CPA took an X-ray of Heidi's paycheck and as soon as it was developed he held the picture up to the light.

"Hmmm," he said as Heidi watched him nervously. "Just as I thought."

"What is it?" Heidi asked.

"The CPA sat down in his leather chair and said gently, 'There is no way to break this to you easily, Heidi, but you're suffering from 'bracket creep.'"

"What's bracket creep?" she wanted to know.

"It was a very rare IRS disease a few years ago, but I've seen a lot of it lately. What happens is that the more money you make, the higher bracket you're put into, and the more taxes they take out of your check. That's why you feel so lousy."

Heidi said, "I don't understand. I thought the more money you made the better off you felt."

"That was before bracket creep became so prevalent. Let me show you a chart," the CPA said, holding up a chart. "You made this amount of money last week, which would have required you to pay this amount of taxes. The figure looks puny but at least it was healthy. Now, you worked overtime for four days, so that pushed you up to another bracket. They withheld a higher percentage of taxes and Social Security, so while your gross income looks good, your net is sick."

"But isn't President Reagan's tax cut supposed to take care of people like me?"

"It originally was. But no one had heard about bracket creep when it was approved. A tax cut can't cure you because it doesn't

attack inflation or scheduled Social Security increases. Bracket creep is insidious because the harder you work the more your taxes hurt you."

Heidi said, "How can you be so sure I have it?"

"Let's talk about symptoms. When you get your paycheck do you cry a lot?"

"All the time."

"And do you get angry at the people in the upper wage scales who pay less taxes than you do?"

"And do you feel that life is unfair because the longer you work the less you have to show for it?"

"Uh huh."

"Then I'm afraid, dear Heidi, you have it."

"What can I do about it?"

"I'd like to put you into a tax shelter for a few weeks, but people like you don't get any relief from it. Your X-rays show you're not deductible so I can't prescribe a three-month tax shelter. You have no tax losses to fight the creep, and without deductions I'm afraid a tax cut won't relieve the pain."

Tears rolled down Heidi's cheeks.

"Does that mean, as far as my income goes, I'm terminal?" Heidi asked.

"No, I didn't say that. Bracket creep doesn't kill. It just causes a lot of pain."

"What can I do?"

"The CPA took out his prescription pad. 'I'm going to put you on a strict work diet. First, you have to change your habits, so no matter how tempting it sounds, you won't do any overtime. If anyone offers you a bonus, refuse it. If you're tempted to earn extra money at another job, call a friend so she can talk you out of it. And every time you get your paycheck take two aspirin.'

The CPA escorted Heidi to the door.

"Thank you," Heidi said. "If it hadn't been for you I don't think I would have slept tonight."

The CPA patted her on the shoulder. "You can pay my secretary on the way out."

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## Ann Miller

'I've Been Recycled Many Times,' She  
Says in Her Latest Incarnation

By Ken Rapoport

NEW YORK — Ever since she started tap-dancing her way into America's heart in the 1940s, peripatetic Ann Miller has been like a buzz saw going through butter.

Nothing's kept her down — not even being hit on the head by a steel curtain.

"Doctors didn't ever think I'd dance again," she said of the accident in a St. Louis theater in 1972 that temporarily knocked her out for two months. And I didn't walk for two years without assistance."

In St. Louis, Miller had just finished a number with Pat Paulsen and Michael Callan and was turning to walk off the stage when "somebody pressed a button at the wrong time." The curtain came down and struck her skull.

"When I sat up, there was blood all over the stage," she recalled. But fortunately she was wearing the sort of stiff, lacquered wig that she now sports in her Broadway musical hit, "Sugar Babies."

"This wig," she said, pointing to the top of her head, "this dumb wig saved my life."

Miller didn't sit still for long. She had just written an autobiography called "My Life in Show Business" with a friend, the journalist Norma Lee Browning, and went out plugging it as soon as she was back on her feet.

"The book saved my sanity, because going on the road made me feel like I was doing something," she said. "I knew I couldn't dance at the time and I wasn't sure I ever would again."

But Miller has had a way of bouncing back all her life.

When her parents broke up in the 1930s, Lucille Ann Collier and her mother left Houston and headed for Hollywood with virtually no money, intent on finding a new life. In a bus station, a fortune-teller told the girl who would become Ann Miller that

her golden years in movies

someday her name "would be up in lights." She believed it.

"I've had things like that happen to me all my life," said Miller, who insists she has always been guided by a kind of mysticism. "I was born with a veil over my face and I'm very psychic."

She started out tap dancing at theaters and clubs in Los Angeles, to keep food on the table. Not long after, she was discovered performing in a San Francisco nightclub by Lucille Ball and Benny Rubin.

That led to a movie contract at RKO, where in 1937 — at age 14 — she appeared with Ginger Rogers in "Stage Door." Then followed a role in "Room Service" with the Marx Brothers.

"They were crazy as loons. They were fun to work with, but I was just a young kid and they loved to shock me."

In "You Can't Take It With You," Miller played an aspiring baller dancer, something that was new to her. "I told Frank Capra that I had done ballet and toe work so I could get the role. I had never done toe work in my life."

And she paid for it. "I was so stupid that I never knew about wrapping the feet with lamb's wool and all that stuff. Nobody told me, and I went out and stood on those wooden things. My toes to this day are a little crooked because I didn't have enough brains to wrap that wool around them to protect them."

Her comedy gave her solace, though Jimmy Stewart was especially kind to her, she said. "I got fat making that movie because he kept feeding me candy bars. When I went to New York to make my Broadway debut in the 1939, 'George White Scandals,' Mr. White took one look at me and put me on a diet."

In the "George White Scandals" of 1939 and 1940, she was audiences and the approbation of New York's toughest critics. Her movie career started in earnest after that at Columbia Pictures, where she and her spectacular legs became favorites of U.S. soldiers in World War II.

Her golden years in movies



Dancer Miller: A close curtain call almost kept her from becoming a star of "Sugar Babies" or anything else.

going out of business, so did a lot of glamorous girls. But not Miller.

She turned to television, where she appeared on popular shows and made a celebrated commercial dancing atop a giant can of soup, surrounded by water fountains and a parade of chorus girls.

She also hit the musical theater circuit, and was rediscovered doing "Mame" in Florida. That performance got her back to Broadway, where she took over the same role in the long-running New York hit.

After "Mame" came St. Louis and the debilitating accident in 1972. When Miller made her comeback in 1978, it was with a touring company of "Anything Goes." That was a springboard for her into "Sugar Babies," which has become a solid-gold Broadway hit. It's a concatenation of every tacky burlesque show in American history, with emphasis on the 1920s.

"It's a fun show. You don't have to strain your brain. You go in and relax a little bit — and that's what it's all about. I think producers have had it with the so-called 'message shows.'"

Her co-star in "Sugar Babies" is another survivor from Hollywood's glory days, Mickey Rooney. Miller had never worked with Rooney before, but has known him all her professional life. Miller said their serendipitous meeting is "like old home week."

Miller worked under the Hollywood star system, in which major studios kept stars under contract and dictated the direction of their careers.

"A lot of the bigger stars resented being told what to do. They didn't like being forced to do scripts they weren't crazy about. But the best part of it was the huge publicity department, which planned your life for you, more or less. They gave you beautiful clothes to wear, and they always had a gorgeous fur for you to wear. And they always had an escort for you if you didn't have one. Everything was sort of manufactured."

When the big studios started

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When the big studios started

## Viking Ship Gains Goal

The Hjerkomst Viking ship replica from Minnesota has arrived in Bergen, Norway, after crossing the Atlantic from New York in 34 days. The trip was a posthumous realization of the dream of Robert Aspa, a junior high school counselor from Moorhead, Minn., who died in December, 1980, after having worked on the 76-foot-long (23-meter) oak ship since 1971. Among the first to greet the Viking ship's crew when it anchored off Bergen was Aspa's wife, Rose, her son Greg and her daughter Margie. Aspa, 65, an expert on one-mast, square-rigged boats, and seven crew members, all of Scandinavian background, said the Hjerkomst had no serious problems during the crossing. The vessel left Duluth, Minn., on May 6 and sailed via the Great Lakes to New York, from where it started the Atlantic crossing June 14.

The second child conceived with a specimen from the "Nobel sperm bank" is expected in mid-August by an unmarried Los Angeles woman. The Repository for Germinal Choice in Escondido, Calif., which collects sperm samples only from high-IQ scientists, said that Aspa, 40, a Los Angeles psychologist, was expected to give birth to a child by a computer scientist, Paul Smith, a repository official, said that the case violated a rule requiring prospective mothers to be married and that Blake had lied on her application form. But he added, "She's a most excellent individual. Nothing wrong that a little marriage couldn't cure." The repository was embarrassed recently by a disclosure that the mother of its first child, Joyce Kowalski of Scottsdale, Ariz., had custody of her two natural children because of child-abuse charges. Smith said the repository would tighten up its screening procedure. Blake said the pregnancy was her third attempt with a donation from the Escondido repository.

When Gian-Carlo Menotti says his Spoleto Festival of Two Worlds should be open to all people instead of being an "after-dinner mint for the rich," he means it. This year, the 71-year-old founder of the festival brought four prisoners from a maximum security pris-

on to stage a modern French drama for an audience that included inmates from a Spoleto jail. The play, "High Surveillance" by the French writer and former convict Jean Genet, was performed in the courtyard of La Rocca, a 14th-century stone structure that dominates the Umbrian hill town. A former penal retreat, it was used as a prison until last month, when the 15 or so Spoleto prisoners were moved to a new building. The prisoners-actors from a jail east of Rome were brought to Spoleto in an armored van and stayed in prison cells when they were not performing or rehearsing. The prisoners, all in their 30s and without any professional acting experience, drew good reviews from Italian critics, one of whom said the play critics, one of whom said the play was one of the most convincing and artistically rewarding programs the festival had staged in years.

Soraya Khashoggi, 40, and her new husband, a real estate dealer named Arthur Ruple, 24, will honeymoon on a yacht off the coast of France, according to a family friend. The former wife of Saudi billionaire Adnan Khashoggi and Ruple were married without fanfare last week in New York. Ruple later flew to Paris while Khashoggi remained in New York, and they will reunite in two weeks for the honeymoon, said the friend. Ruple was once linked romantically with British Member of Parliament Winston Churchill, grandson of the late prime minister. When she and Khashoggi were divorced, she demanded half of his \$5-billion fortune, but they settled out of court for an undisclosed amount.

Mick Jagger and his Rolling Stones pranced across the stage, threw buckets of water on the audience and sang old favorites and new tunes to an enthusiastic crowd of 80,000 in Naples. Jagger, who turns 39 next Monday, charmed the audience with phrases in Italian. Mayor Maurizio Valenzi, a Communist, said the city wanted to bring the Rolling Stones to Naples to prove it was possible to have an "after-dinner mint for the rich," he means it. This year, the 71-year-old founder of the festival brought four prisoners from a maximum security pris-

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